

Forty-eighth Legislature
Second Regular Session

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1377

(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalty; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The softcapital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue

1 control limit and district support level as provided in section 15-948.

2 5. A school district that sponsors a charter school is not eligible to
3 include the charter school pupils in its student count for the purpose of
4 computing an increase in its capital outlay revenue limit as provided in
5 section 15-961, subsection C, except that if the charter school was
6 previously a school in the district, the district may include in its student
7 count any charter school pupils who were enrolled in the school district in
8 the prior year.

9 6. A school district that sponsors a charter school is not eligible to
10 include the charter school pupils in its student count for the purpose of
11 computing the revenue control limit which is used to determine the maximum
12 budget increase as provided in chapter 4, article 4 of this title unless the
13 charter school is located within the boundaries of the school district.

14 7. If a school district converts one or more of its district public
15 schools to a charter school and receives assistance as prescribed in
16 subsection B, paragraph 4 of this section, and subsequently converts the
17 charter school back to a district public school, the school district shall
18 repay the state the total additional assistance received for the charter
19 school for all years that the charter school was in operation. The repayment
20 shall be in one lump sum and shall be reduced from the school district's
21 current year equalization assistance. The school district's general budget
22 limit shall be reduced by the same lump sum amount in the current year.

23 B. Financial provisions for a charter school that is sponsored by the
24 state board of education or the state board for charter schools are as
25 follows:

26 1. The charter school shall calculate a base support level as
27 prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 ~~and 15-942~~
28 ~~DOES~~ not apply to these charter schools.

29 2. Notwithstanding paragraph 1 of this subsection, the student count
30 shall be determined initially using an estimated student count based on
31 actual registration of pupils before the beginning of the school year. After
32 the first one hundred days or two hundred days in session, as applicable, the
33 charter school shall revise the student count to be equal to the actual
34 average daily membership, as defined in section 15-901, or the adjusted
35 average daily membership, as prescribed in section 15-902, of the charter
36 school. Before the one hundredth day or two hundredth day in session, as
37 applicable, the state board of education or the state board for charter
38 schools may require a charter school to report periodically regarding pupil
39 enrollment and attendance and the department of education may revise its
40 computation of equalization assistance based on the report. A charter school
41 shall revise its student count, base support level and additional assistance
42 before May 15. A charter school that overestimated its student count shall
43 revise its budget before May 15. A charter school that underestimated its
44 student count may revise its budget before May 15.

45 3. A charter school may utilize section 15-855 for the purposes of
46 this section. The charter school and the department of education shall
47 prescribe procedures for determining average daily attendance and average
48 daily membership.

1 4. Equalization assistance for the charter school shall be determined
2 by adding the amount of the base support level and additional assistance.
3 The amount of the additional assistance is one thousand four hundred
4 ~~forty-five~~ SEVENTY-FOUR dollars ~~twenty-five~~ SIXTEEN cents per student count
5 in kindergarten programs and grades one through eight and one thousand ~~six~~
6 SEVEN hundred ~~eighty-four~~ EIGHTEEN dollars ~~forty-one~~ TEN cents per student
7 count in grades nine through twelve.

8 5. The state board of education shall apportion state aid from the
9 appropriations made for such purposes to the state treasurer for disbursement
10 to the charter schools in each county in an amount as determined by this
11 paragraph. The apportionments shall be made in twelve equal installments of
12 the total amount to be apportioned during the fiscal year on the fifteenth
13 day of each month of the fiscal year.

14 6. Notwithstanding paragraph 5 of this subsection, if sufficient
15 appropriated monies are available after the first forty days in session of
16 the current year, a charter school may request additional state monies to
17 fund the increased state aid due to anticipated student growth through the
18 first one hundred days or two hundred days in session, as applicable, of the
19 current year as provided in section 15-948. In no event shall a charter
20 school have received more than three-fourths of its total apportionment
21 before April 15 of the fiscal year. Early payments pursuant to this
22 subsection must be approved by the state treasurer, the director of the
23 department of administration and the superintendent of public instruction.

24 7. The charter school shall not charge tuition, levy taxes or issue
25 bonds.

26 8. Not later than noon on the day preceding each apportionment date
27 established by paragraph 5 of this subsection, the superintendent of public
28 instruction shall furnish to the state treasurer an abstract of the
29 apportionment and shall certify the apportionment to the department of
30 administration, which shall draw its warrant in favor of the charter schools
31 for the amount apportioned.

32 C. If a pupil is enrolled in both a charter school and a public school
33 that is not a charter school, the sum of the daily membership, which includes
34 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
35 subdivisions (a) and (b) and daily attendance as prescribed in section
36 15-901, subsection A, paragraph 6, for that pupil in the school district and
37 the charter school shall not exceed 1.0, except that if the pupil is enrolled
38 in both a charter school and a joint technological education district and
39 resides within the boundaries of a school district participating in the joint
40 technological education district, the sum of the average daily membership for
41 that pupil in the charter school and the joint technological education
42 district shall not exceed 1.25. If a pupil is enrolled in both a charter
43 school and a public school that is not a charter school, the department of
44 education shall direct the average daily membership to the school with the
45 most recent enrollment date. Upon validation of actual enrollment in both a
46 charter school and a public school that is not a charter school and if the
47 sum of the daily membership or daily attendance for that pupil is greater
48 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between

1 the public school and the charter school based on the percentage of total
2 time that the pupil is enrolled or in attendance in the public school and the
3 charter school, except that if the pupil is enrolled in both a charter school
4 and a joint technological education district and resides within the
5 boundaries of a school district participating in the joint technological
6 education district, the sum of the average daily membership for that pupil in
7 the charter school and the joint technological education district shall be
8 reduced to 1.25 and shall be apportioned between the charter school and the
9 joint technological education district based on the percentage of total time
10 that the pupil is enrolled or in attendance in the charter school and the
11 joint technological education district. The uniform system of financial
12 records shall include guidelines for the apportionment of the pupil
13 enrollment and attendance as provided in this section.

14 D. Charter schools are allowed to accept grants and gifts to
15 supplement their state funding, but it is not the intent of the charter
16 school law to require taxpayers to pay twice to educate the same pupils. The
17 base support level for a charter school or for a school district sponsoring a
18 charter school shall be reduced by an amount equal to the total amount of
19 monies received by a charter school from a federal or state agency if the
20 federal or state monies are intended for the basic maintenance and operations
21 of the school. The superintendent of public instruction shall estimate the
22 amount of the reduction for the budget year and shall revise the reduction to
23 reflect the actual amount before May 15 of the current year. If the
24 reduction results in a negative amount, the negative amount shall be used in
25 computing all budget limits and equalization assistance, except that:

26 1. Equalization assistance shall not be less than zero.

27 2. For a charter school sponsored by the state board of education or
28 the state board for charter schools, the total of the base support level, the
29 capital outlay revenue limit, the soft capital allocation and the additional
30 assistance shall not be less than zero.

31 3. For a charter school sponsored by a school district, the base
32 support level for the school district shall not be reduced by more than the
33 amount that the charter school increased the district's base support level,
34 capital outlay revenue limit and soft capital allocation.

35 E. If a charter school was a district public school in the prior year
36 and is now being operated for or by the same school district and sponsored by
37 the state board of education, the state board for charter schools or a school
38 district governing board, the reduction in subsection D of this section
39 applies. The reduction to the base support level of the charter school or
40 the sponsoring district of the charter school shall equal the sum of the base
41 support level and the additional assistance received in the current year for
42 those pupils who were enrolled in the traditional public school in the prior
43 year and are now enrolled in the charter school in the current year.

44 F. Equalization assistance for charter schools shall be provided as a
45 single amount based on average daily membership without categorical
46 distinctions between maintenance and operations or capital.

47 G. At the request of a charter school, the county school
48 superintendent of the county where the charter school is located may provide

1 the same educational services to the charter school as prescribed in section
2 15-308, subsection A. The county school superintendent may charge a fee to
3 recover costs for providing educational services to charter schools.

4 H. If the sponsor of the charter school determines at a public meeting
5 that the charter school is not in compliance with federal law, with the laws
6 of this state or with its charter, the sponsor of a charter school may submit
7 a request to the department of education to withhold up to ten per cent of
8 the monthly apportionment of state aid that would otherwise be due the
9 charter school. The department of education shall adjust the charter
10 school's apportionment accordingly. The sponsor shall provide written notice
11 to the charter school at least seventy-two hours before the meeting and shall
12 allow the charter school to respond to the allegations of noncompliance at
13 the meeting before the sponsor makes a final determination to notify the
14 department of education of noncompliance. The charter school shall submit a
15 corrective action plan to the sponsor on a date specified by the sponsor at
16 the meeting. The corrective action plan shall be designed to correct
17 deficiencies at the charter school and to ensure that the charter school
18 promptly returns to compliance. When the sponsor determines that the charter
19 school is in compliance, the department of education shall restore the full
20 amount of state aid payments to the charter school.

21 I. In addition to the withholding of state aid payments pursuant to
22 subsection H of this section, the sponsor of a charter school may impose a
23 civil penalty of one thousand dollars per occurrence if a charter school
24 fails to comply with the fingerprinting requirements prescribed in section
25 15-183, subsection C or section 15-512. The sponsor of a charter school
26 shall not impose a civil penalty if it is the first time that a charter
27 school is out of compliance with the fingerprinting requirements and if the
28 charter school provides proof within forty-eight hours of written
29 notification that an application for the appropriate fingerprint check has
30 been received by the department of public safety. The sponsor of the charter
31 school shall obtain proof that the charter school has been notified and the
32 notification shall identify the date of the deadline and shall be signed by
33 both parties. The sponsor of a charter school shall automatically impose a
34 civil penalty of one thousand dollars per occurrence if the sponsor
35 determines that the charter school subsequently violates the fingerprinting
36 requirements. Civil penalties pursuant to this ~~section~~ SUBSECTION shall be
37 assessed by requesting the department of education to reduce the amount of
38 state aid that the charter school would otherwise receive by an amount equal
39 to the civil penalty. The amount of state aid withheld shall revert to the
40 state general fund at the end of the fiscal year.

41 J. A charter school may receive and spend monies distributed by the
42 department of education pursuant to section 42-5029, subsection E and section
43 37-521, subsection B.

44 K. For the purposes of this section:

45 1. "Monies intended for the basic maintenance and operations of the
46 school" means monies intended to provide support for the educational program
47 of the school, except that it does not include supplemental assistance for a
48 specific purpose or P.L. 81-874 monies. The auditor general shall determine

1 which federal or state monies meet the definition in this paragraph.

2 2. "Operated for or by the same school district" means the charter
3 school is either governed by the same district governing board or operated by
4 the district in the same manner as other traditional schools in the district
5 or is operated by an independent party that has a contract with the school
6 district. The auditor general and the department of education shall
7 determine which charter schools meet the definition in this subsection.

8 Sec. 2. Section 15-302, Arizona Revised Statutes, is amended to read:

9 15-302. Powers and duties

10 A. The county school superintendent shall:

11 1. Distribute all laws, reports, circulars, instructions and forms
12 which he may receive for the use of school officers.

13 2. Record all official acts.

14 3. Appoint governing board members of school districts to fill all
15 vacancies, but the term of the appointment shall be until the next regular
16 election for governing board members, at which time a successor shall be
17 elected to serve the unexpired portion of the term. The county school
18 superintendent ~~may~~, if he deems it in the best interest of the community, ~~MAY~~
19 call a special election to fill the vacancies. If an election is called, the
20 newly elected member shall serve for the remainder of the unexpired portion
21 of the term.

22 4. Make reports, when directed by the superintendent of public
23 instruction, showing matters relating to schools in his county as may be
24 required on the forms furnished by the superintendent of public instruction.

25 5. Have such powers and perform such duties as otherwise prescribed by
26 law.

27 6. On or before October 1 of each year, make a report to the
28 superintendent of public instruction showing the amount of monies received
29 from state school funds, special school district taxes and other sources, the
30 total expenditures for school purposes and the balance on hand to the credit
31 of each school district at the close of the school year.

32 7. Contract with the board of supervisors for the board of supervisors
33 to conduct all regular school district elections.

34 8. Be responsible, in cooperation with the governing boards and the
35 board of supervisors, for all special school district elections.

36 9. Maintain teacher and administrator certification records of
37 effective dates and expiration dates of teachers' and administrators'
38 certificates in compliance with guidelines prescribed in the uniform system
39 of financial records for those school districts for which the county school
40 superintendent is the fiscal agent. The county school superintendent shall
41 not draw a warrant in payment of a teacher's, substitute teacher's or
42 administrator's salary unless the teacher, substitute teacher or
43 administrator is legally certified during the fiscal year in which the term
44 for payment is demanded.

45 10. Notify a school district three years before the expiration of a
46 revenue control limit override that the school district's budget must be
47 adjusted in the final two years of the override pursuant to section 15-481,
48 ~~subsections~~ SUBSECTION ~~P- M and-Q~~, if the voters do not approve another

1 override.

2 11. In collaboration with the department of education and other state
3 agencies, provide assistance to school districts and charter schools on the
4 use of student data, staff development, curriculum alignment and technology
5 to improve student performance.

6 12. Assist schools in meeting yearly adequate progress goals as defined
7 by criteria established by the state board of education and implemented by
8 the department of education.

9 B. At the request of school districts and charter schools, the county
10 school superintendent may provide discretionary programs in addition to the
11 programs prescribed in subsection A OF THIS SECTION.

12 C. The county school superintendent may provide the services
13 prescribed in subsections A and B OF THIS SECTION in the county or jointly
14 with two or more counties pursuant to title 11, chapter 7, article 3.

15 D. Each county school superintendent may establish an advisory
16 committee to the office of the county school superintendent.

17 Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read:

18 15-393. Joint technological education district governing board;
19 report; definition

20 A. The management and control of the joint district are vested in the
21 joint technological education district governing board, including the content
22 and quality of the courses offered by the district, the quality of teachers
23 who provide instruction on behalf of the district, the salaries of teachers
24 who provide instruction on behalf of the district and the reimbursement of
25 other entities for the facilities used by the district. Unless the governing
26 boards of the school districts participating in the formation of the joint
27 district vote to implement an alternative election system as provided in
28 subsection B of this section, the joint board shall consist of five members
29 elected from five single member districts formed within the joint district.
30 The single member district election system shall be submitted as part of the
31 plan for the joint district pursuant to section 15-392 and shall be
32 established in the plan as follows:

33 1. The governing boards of the school districts participating in the
34 formation of the joint district shall define the boundaries of the single
35 member districts so that the single member districts are as nearly equal in
36 population as is practicable, except that if the joint district lies in part
37 in each of two or more counties, at least one single member district may be
38 entirely within each of the counties comprising the joint district if this
39 district design is consistent with the obligation to equalize the population
40 among single member districts.

41 2. The boundaries of each single member district shall follow election
42 precinct boundary lines, as far as practicable, in order to avoid further
43 segmentation of the precincts.

44 3. A person who is a registered voter of this state and who is a
45 resident of the single member district is eligible for election to the office
46 of joint board member from the single member district. The terms of office
47 of the members of the joint board shall be as prescribed in section 15-427,
48 subsection B. An employee of a joint technological education district or the

1 spouse of an employee shall not hold membership on a governing board of a
2 joint technological education district by which the employee is employed. A
3 member of one school district governing board or joint technological
4 education district governing board is ineligible to be a candidate for
5 nomination or election to or serve simultaneously as a member of any other
6 governing board, except that a member of a governing board may be a candidate
7 for nomination or election for any other governing board if the member is
8 serving in the last year of a term of office. A member of a governing board
9 shall resign the member's seat on the governing board before becoming a
10 candidate for nomination or election to the governing board of any other
11 school district or joint technological education district, unless the member
12 of the governing board is serving in the last year of a term of office.

13 4. Nominating petitions shall be signed by the number of qualified
14 electors of the single member district as provided in section 16-322.

15 B. The governing boards of the school districts participating in the
16 formation of the joint district may vote to implement any other alternative
17 election system for the election of joint district board members. If an
18 alternative election system is selected, it shall be submitted as part of the
19 plan for the joint district pursuant to section 15-392, and the
20 implementation of the system shall be as approved by the United States
21 justice department.

22 C. The joint technological education district shall be subject to the
23 following provisions of this title:

- 24 1. Chapter 1, articles 1 through 6.
- 25 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 26 3. Articles 2, 3 and 5 of this chapter.
- 27 4. Section 15-361.
- 28 5. Chapter 4, articles 1, 2 and 5.
- 29 6. Chapter 5, articles 1, 2 and 3.
- 30 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
31 and 15-730.
- 32 8. Chapter 7, article 5.
- 33 9. Chapter 8, articles 1, 3 and 4.
- 34 10. Sections 15-828 and 15-829.
- 35 11. Chapter 9, article 1, article 6, except for section 15-995, and
36 article 7.
- 37 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 38 13. Sections 15-1101 and 15-1104.
- 39 14. Chapter 10, articles 2, 3, 4 and 8.

40 D. Notwithstanding subsection C of this section, the following apply
41 to a joint technological education district:

- 42 1. A joint district may issue bonds for the purposes specified in
43 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
44 aggregate, including the existing indebtedness, not exceeding one per cent of
45 the taxable property used for secondary tax purposes, as determined pursuant
46 to title 42, chapter 15, article 1, within the joint technological education
47 district as ascertained by the last property tax assessment previous to
48 issuing the bonds.

1 2. The number of governing board members for a joint district shall be
2 as prescribed in subsection A of this section.

3 3. If a career and technical education and vocational education course
4 or program provided pursuant to this article is provided in a facility owned
5 or operated by a school district in which a pupil is enrolled, including
6 satellite courses, the sum of the daily attendance, as provided in section
7 15-901, subsection A, paragraph 6, for that pupil in both the school district
8 and joint technological education district shall not exceed 1.25 and the sum
9 of the fractional student enrollment, as provided in section 15-901,
10 subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the
11 courses taken in the school district and the facility, including satellite
12 courses. The school district and the joint district shall determine the
13 apportionment of the daily attendance and fractional student enrollment for
14 that pupil between the school district and the joint district.

15 4. The student count for the first year of operation of a joint
16 technological education district as provided in this article shall be
17 determined as follows:

18 (a) Determine the estimated student count for joint district classes
19 that will operate in the first year of operation. This estimate shall be
20 based on actual registration of pupils as of March 30 scheduled to attend
21 classes that will be operated by the joint district. The student count for
22 the district of residence of the pupils registered at the joint district
23 shall be adjusted. The adjustment shall cause the district of residence to
24 reduce the student count for the pupil to reflect the courses to be taken at
25 the joint district. The district of residence shall review and approve the
26 adjustment of its own student count as provided in this subdivision before
27 the pupils from the school district can be added to the student count of the
28 joint district.

29 (b) The student count for the new joint district shall be the student
30 count as determined in subdivision (a) of this paragraph.

31 (c) After the first one hundred days or two hundred days in session,
32 as applicable, for the first year of operation, the joint district shall
33 revise the student count to the actual student count for students attending
34 classes in the joint district. A joint district shall revise its student
35 count, the base support level as provided in section 15-943.02, the revenue
36 control limit as provided in section 15-944.01, the capital outlay revenue
37 limit and the soft capital allocation as provided in section 15-962.01 prior
38 to May 15. A joint district that overestimated its student count shall
39 revise its budget prior to May 15. A joint district that underestimated its
40 student count may revise its budget prior to May 15.

41 (d) After the first one hundred days or two hundred days in session,
42 as applicable, for the first year of operation, the district of residence
43 shall adjust its student count by reducing it to reflect the courses actually
44 taken at the joint district. The district of residence shall revise its
45 student count, the base support level as provided in section 15-943, the
46 revenue control limit as provided in section 15-944, the capital outlay
47 revenue limit as provided in section 15-961 and the soft capital allocation
48 as provided in section 15-962 prior to May 15. A district that

1 underestimated the student count for students attending the joint district
2 shall revise its budget prior to May 15. A district that overestimated the
3 student count for students attending the joint district may revise its budget
4 prior to May 15.

5 (e) A joint district for the first year of operation shall not be
6 eligible for adjustment pursuant to section 15-948.

7 (f) The procedures for implementing this paragraph shall be as
8 prescribed in the uniform system of financial records.

9 ~~(g) If the district of residence utilizes section 15-942 to determine~~
10 ~~its student count, the district shall reduce its student count as provided in~~
11 ~~this paragraph by subtracting the appropriate count from the student count~~
12 ~~determined as provided in section 15-942.~~

13 For the purposes of this paragraph, "district of residence" means the
14 district that included the pupil in its average daily membership for the year
15 before the first year of operation of the joint district and that would have
16 included the pupil in its student count for the purposes of computing its
17 base support level for the fiscal year of the first year of operation of the
18 joint district if the pupil had not enrolled in the joint district.

19 5. A student includes any person enrolled in the joint district
20 without regard to the person's age or high school graduation status, except
21 that:

22 (a) A student in a kindergarten program or in grades one through eight
23 who enrolls in courses offered by the joint technological education district
24 shall not be included in the joint district's average daily attendance or
25 average daily membership.

26 (b) A student in a kindergarten program or in grades one through eight
27 who is enrolled in vocational education courses shall not be funded in whole
28 or in part with monies provided by a joint technological education district.

29 (c) A student who is over twenty-two years of age shall not be
30 included in the student count of the joint district for the purposes of
31 chapter 9, articles 3, 4 and 5 of this title.

32 (d) A student in grade nine who enrolls in a career exploration course
33 shall not be included in the joint district's average daily attendance or
34 average daily membership.

35 6. A joint district may operate for more than one hundred seventy-five
36 days per year, with expanded hours of service.

37 7. A joint district may use the excess utility costs provisions of
38 section 15-910 in the same manner as a school district for fiscal years
39 1999-2000 and 2000-2001, except that the base year shall be the first full
40 fiscal year of operations.

41 8. A joint district may use the carryforward provisions of section
42 15-943.01 retroactively to July 1, 1993.

43 9. A school district that is part of a joint district shall use any
44 monies received pursuant to this article to supplement and not supplant base
45 year career and technical education and vocational education courses, and
46 directly related equipment and facilities, except that a school district that
47 is part of a joint technological education district and that has used monies
48 received pursuant to this article to supplant career and technological

1 education and vocational education courses that were offered before the first
2 year that the school district participated in the joint district or the first
3 year that the school district used monies received pursuant to this article
4 or that used the monies for purposes other than for career and technological
5 education and vocational education courses shall:

6 (a) Use at least thirty-three per cent of the monies received pursuant
7 to this article in fiscal year 2005-2006 to supplement and not supplant base
8 year career and technical education and vocational education courses.

9 (b) Use at least sixty-six per cent of the monies received pursuant to
10 this article in fiscal year 2006-2007 to supplement and not supplant base
11 year career and technical education and vocational education courses.

12 (c) Use one hundred per cent of the monies received pursuant to this
13 article in fiscal year 2007-2008 and each fiscal year thereafter to
14 supplement and not supplant base year career and technical education and
15 vocational education courses.

16 10. A joint technological education district shall use any monies
17 received pursuant to this article to enhance and not supplant career and
18 technical education and vocational education courses and directly related
19 equipment and facilities.

20 11. A joint technological education district or a school district that
21 is part of a joint district shall only include pupils in grades nine through
22 twelve in the calculation of average daily membership or average daily
23 attendance if the pupils are enrolled in courses that are approved jointly by
24 the governing board of the joint technological education district and each
25 participating school district for satellite courses taught within the
26 participating school district, or approved solely by the joint technological
27 education district for centrally located courses. Average daily membership
28 and average daily attendance from courses that are not part of an approved
29 program for career and technical education shall not be included in average
30 daily membership and average daily attendance of a joint technological
31 education district. A student in grade nine who enrolls in a career
32 exploration course shall not be included in the joint district's average
33 daily attendance or average daily membership.

34 E. The joint board shall appoint a superintendent as the executive
35 officer of the joint district.

36 F. Taxes may be levied for the support of the joint district as
37 prescribed in chapter 9, article 6 of this title, except that a joint
38 technological education district shall not levy a property tax pursuant to
39 law that exceeds five cents per one hundred dollars assessed valuation except
40 for bond monies pursuant to subsection D, paragraph 1 of this section.
41 Except for the taxes levied pursuant to section 15-994, such taxes shall be
42 obtained from a levy of taxes on the taxable property used for secondary tax
43 purposes.

44 G. The schools in the joint district are available to all persons who
45 reside in the joint district subject to the rules for admission prescribed by
46 the joint board.

47 H. The joint board may collect tuition for adult students and the
48 attendance of pupils who are residents of school districts that are not

1 participating in the joint district pursuant to arrangements made between the
2 governing board of the district and the joint board.

3 I. The joint board may accept gifts, grants, federal monies, tuition
4 and other allocations of monies to erect, repair and equip buildings and for
5 the cost of operation of the schools of the joint district.

6 J. One member of the joint board shall be selected chairman. The
7 chairman shall be selected annually on a rotation basis from among the
8 participating school districts. The chairman of the joint board shall be a
9 voting member.

10 K. A joint board and a community college district may enter into
11 agreements for the provision of administrative, operational and educational
12 services and facilities.

13 L. Any agreement between the governing board of a joint technological
14 education district and another joint technological education district, a
15 school district, a charter school or a community college district shall be in
16 the form of an intergovernmental agreement or other written contract. The
17 auditor general shall modify the uniform system of financial records and
18 budget forms in accordance with this subsection. The intergovernmental
19 agreement or other written contract shall completely and accurately specify
20 each of the following:

21 1. The financial provisions of the intergovernmental agreement or
22 other written contract and the format for the billing of all services.

23 2. The accountability provisions of the intergovernmental agreement or
24 other written contract.

25 3. The responsibilities of each joint technological education
26 district, each school district, each charter school and each community
27 college district that is a party to the intergovernmental agreement or other
28 written contract.

29 4. The type of instruction that will be provided under the
30 intergovernmental agreement or other written contract.

31 5. The quality of the instruction that will be provided under the
32 intergovernmental agreement or other written contract.

33 6. The transportation services that will be provided under the
34 intergovernmental agreement or other written contract and the manner in which
35 transportation costs will be paid.

36 7. The amount that the joint technological education district will
37 contribute to a course and the amount of support required by the school
38 district or the community college.

39 8. That the services provided by the joint technological education
40 district, the school district, the charter school or the community college
41 district be proportionally calculated in the cost of delivering the service.

42 9. That the payment for services shall not exceed the cost of the
43 services provided.

44 10. That any initial intergovernmental agreement or other written
45 contract and any addendums between the governing board of a joint
46 technological education district and another joint technological education
47 district, a school district, a charter school or a community college district
48 be submitted by the joint technological education district to the joint

1 legislative budget committee for review.

2 M. On or before December 31 of each year, each joint technological
3 education district shall submit a detailed report to the career and technical
4 education division of the department of education. The career and technical
5 education division of the department of education shall collect, summarize
6 and analyze the data submitted by the joint districts, shall submit an annual
7 report that summarizes the data submitted by the joint districts to the
8 governor, the speaker of the house of representatives, the president of the
9 senate and the state board of education and shall submit a copy of this
10 report to the secretary of state and the director of the Arizona state
11 library, archives and public records. The data submitted by each joint
12 technological education district shall include the following:

- 13 1. The average daily membership of the joint district.
- 14 2. The course listings and course descriptions of courses offered by
15 the joint district.
- 16 3. The costs associated with each course offered by the joint
17 district.
- 18 4. The completion rate for each course offered by the joint district.
- 19 5. The graduation rate of students enrolled in the joint district.
- 20 6. A detailed description of the career opportunities available to
21 students after completion of the program offered by the joint district.
- 22 7. A detailed description of the career placement of students who have
23 completed the program offered by the joint district.
- 24 8. Any other data deemed necessary by the department of education to
25 carry out its duties under this subsection.

26 N. If the career and technical education division of the department of
27 education determines that a course does not meet the criteria for approval as
28 a joint technical education course, the governing board of the joint
29 technological education district may appeal this decision to the state board
30 of education acting as the state board of vocational education.

31 O. Notwithstanding any other law, the average daily membership of a
32 pupil who is enrolled in a course that meets for at least one hundred fifty
33 minutes per class period at a centralized campus owned and operated by a
34 joint technological education district shall be 0.75.

35 P. For the purposes of this section, "base year" means the complete
36 school year in which voters of a school district elected to join a joint
37 technological education district.

38 Sec. 4. Section 15-448, Arizona Revised Statutes, is amended to read:

39 15-448. Formation of unified school district; board membership;
40 budget

41 A. One or more common school districts and a high school district with
42 coterminous or overlapping boundaries may establish a unified school district
43 pursuant to this section. Unification of a common school district and a high
44 school district is not authorized by this section if any of the high school
45 facilities owned by the new unified school district would not be located
46 within its boundaries.

47 B. Formation of a unified school district shall be by resolutions
48 approved by the governing boards of the unifying school districts and

1 certification of approval by such governing boards to the county school
2 superintendent of the county or counties in which such individual school
3 districts are located. A common school district and high school district
4 that unify pursuant to this section shall not exclude from the same
5 unification a common school district that has overlapping boundaries with the
6 high school district and that wishes to unify. The formation of a unified
7 school district shall become effective on July 1 of the next fiscal year
8 following the certification of the county school superintendent. An election
9 shall not be required to form a unified school district pursuant to this
10 section. At least ninety days before the governing boards vote on the
11 resolutions prescribed in this subsection, the governing boards shall mail a
12 pamphlet to each household with one or more qualified electors that shall
13 list the full cash value, the assessed valuation and the estimated amount of
14 the primary property taxes and the estimated amount of the secondary property
15 taxes under the proposed unification for each of the following:

16 1. An owner occupied residence whose assessed valuation is the average
17 assessed valuation of property classified as class three, as prescribed by
18 section 42-12003 for the current year in the school district.

19 2. An owner occupied residence whose assessed valuation is one-half of
20 the assessed valuation of the residence in paragraph 1 of this subsection.

21 3. An owner occupied residence whose assessed valuation is twice the
22 assessed valuation of the residence in paragraph 1 of this subsection.

23 4. A business whose assessed valuation is the average of the assessed
24 valuation of property classified as class one, as prescribed by section
25 42-12001, paragraphs 12 and 13 for the current year in the school district.

26 C. The boundaries of the unified school district shall be the
27 boundaries of the former common school district or districts that unify. The
28 boundaries of the common school district or districts that are not unifying
29 remain unchanged. The county school superintendent, immediately upon receipt
30 of the approved resolutions prescribed by subsection B of this section, shall
31 file with the board of supervisors, the county assessor and the
32 superintendent of public instruction a transcript of the boundaries of the
33 unified school district. The boundaries shown in the transcript shall become
34 the legal boundaries of the school districts on July 1 of the next fiscal
35 year.

36 D. On formation of the unified school district, the governing board
37 consists of the members of the former school district governing boards and
38 the members shall hold office until January 1 following the first general
39 election after formation of the district.

40 E. Beginning on January 1 following the first general election after
41 formation of the unified school district, the governing board shall have five
42 members. At the first general election after the formation of the district,
43 members shall be elected in the following manner:

44 1. The three candidates receiving the highest, the second highest and
45 the third highest number of votes shall be elected to four year terms.

46 2. The two candidates receiving the fourth and fifth highest number of
47 votes shall be elected to two year terms. Thereafter all offices shall have
48 four year terms.

1 F. The new unified school district may appoint a resident of the
2 remaining common school district to serve as a nonvoting member of the
3 governing board to represent the interests of the high school pupils who
4 reside in the remaining common school district and who attend school in the
5 unified school district.

6 G. For the first year of operation, the unified school district
7 governing board shall prepare a consolidated budget based on the student
8 counts from the school districts comprising the unified school district,
9 except that for purposes of determining budget amounts and equalization
10 assistance, the student count for the former high school district shall not
11 include the prior year average daily membership attributable to high school
12 pupils from a common school district that was part of the former high school
13 district but is not part of the unified school district. The unified school
14 district shall charge the remaining common school district tuition for these
15 pupils as provided in subsection J of this section ~~and shall not include such~~
16 ~~pupils for the purpose of making any adjustment for rapid decline in student~~
17 ~~count pursuant to section 15-942.~~ The unified school district may budget for
18 unification assistance pursuant to section 15-912.01.

19 H. The governing board of the unified school district shall prepare
20 policies, curricula and budgets for the district. These policies shall
21 require that:

22 1. The base compensation of each certificated teacher for the first
23 year of operation of the new unified school district shall not be lower than
24 the certificated teacher's base compensation for the prior year in the
25 previously existing school districts.

26 2. The certificated teacher's years of employment in the previously
27 existing school districts shall be included in determining the teacher's
28 certificated years of employment in the new unified school district.

29 I. Upon formation of a unified school district any existing override
30 authorization of the former high school district and the former common school
31 district or districts shall continue until expiration based on the revenue
32 control limit of the school district or districts that had override
33 authorization prior to unification. The unified school district may request
34 new override authorization for the budget year as provided in section 15-481
35 based on the combined revenue control limit of the new district after
36 unification. If the unified school district's request for override
37 authorization is approved, it will replace any existing override for the
38 budget year.

39 J. The unified school district shall admit high school pupils who
40 reside in a common school district that was located within the boundaries of
41 the former high school district. Tuition shall be paid to the unified school
42 district by the common school district in which such pupils reside. Such
43 tuition amount shall be calculated in accordance with section 15-824, subject
44 to the following modifications:

45 1. If the former high school district had outstanding bonded
46 indebtedness at the time of unification, the combined tuition for the group
47 of high school pupils who ~~reside~~ RESIDES in each common school district shall
48 include a debt service amount for the former high school district's

1 outstanding bonded indebtedness that is determined as follows:

2 (a) Divide the total secondary assessed valuation of the common school
3 district in which the group of pupils reside by the total secondary assessed
4 valuation of the former high school district. For the purposes of this
5 subdivision, "secondary assessed valuation" means secondary assessed
6 valuation for the tax year prior to the year when the unification occurs and
7 includes the values used to determine voluntary contributions collected
8 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

9 (b) Multiply the quotient obtained in subdivision (a) by the unified
10 school district's annual debt service expenditure.

11 2. The debt service portion of such tuition payments calculated
12 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
13 service of the outstanding bonded indebtedness of the former high school
14 district. When such indebtedness is fully extinguished, the debt service
15 portion of a pupil's tuition shall be determined in accordance with paragraph
16 3 of this subsection.

17 3. If the former high school district had no outstanding bonded
18 indebtedness at the time of unification, the tuition calculation shall
19 include the actual school district expenditures for the portion of any debt
20 service of the unified school district that pertains to any construction or
21 renovation of high school facilities divided by the school district's student
22 count for the high school portion of the school district.

23 4. The unified school district shall not include in the tuition
24 calculation any debt service that pertains to any construction or renovation
25 of school facilities for preschool through grade eight.

26 5. Notwithstanding section 15-951, subsection ~~H~~ G, the revenue
27 control limit of the common school district shall include the full amount of
28 the debt service portion of the tuition calculated pursuant to this
29 subsection.

30 K. All assets and liabilities of the unifying school districts shall
31 be transferred and assumed by the new unified school district. Any existing
32 bonded indebtedness of a common school district or a high school district
33 unifying pursuant to this section shall be assumed by the new unified school
34 district and shall be regarded as an indebtedness of the new unified school
35 district for the purpose of determining the debt incurring authority of the
36 district. Taxes for the payment of such bonded indebtedness shall be levied
37 on all taxable property in the new unified school district, but nothing in
38 this subsection shall be construed to relieve from liability to taxation for
39 the payment of all taxable property of the former high school district if
40 necessary to prevent a default in the payment of any bonded indebtedness of
41 the former high school district. The residents of a common school district
42 that does not unify shall not vote in bond or override elections of the
43 unified school district and shall not be assessed taxes as a result of a bond
44 or override election of the unified school district.

45 L. If the remaining common school district had authorization for an
46 override as provided in section 15-481 ~~or 15-482~~, the override authorization
47 continues for the remaining common school district or districts in the same
48 manner as before the formation of the unified school district.

1 M. The bonding authorization and bonding limitations continue for the
2 remaining common school district or districts in the same manner as before
3 the formation of the unified school district.

4 N. Nothing in this section shall be construed to relieve a school
5 district formed pursuant to section 15-457 or 15-458 of its liability for any
6 outstanding bonded indebtedness.

7 O. For school districts that become unified after July 1, 2004 and
8 where all of the common schools were eligible for the small school district
9 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
10 computing their base support level and base revenue control limit before
11 unification, the unified school district may continue to use the small school
12 district weight as follows:

13 1. Annually determine the common school student count and the weighted
14 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
15 each common school district before unification.

16 2. Calculate the sum of the common school districts' student counts
17 and weighted student counts determined in paragraph 1 of this subsection.

18 3. Divide the sum of the weighted student counts by the sum of the
19 student counts determined in paragraph 2 of this subsection.

20 4. The amount determined in paragraph 3 of this subsection shall be
21 the weight for the common schools in the unified school district.

22 P. A unified school district may calculate its revenue control limit
23 and district support level by using subsection O of this section as follows:

24 1. Determine the number of individual school districts that existed
25 before unification into a single school district.

26 2. Multiply the amount determined in paragraph 1 of this subsection by
27 six hundred.

28 3. Multiply the amount determined in paragraph 2 of this subsection by
29 0.80.

30 4. If the amount determined in paragraph 3 of this subsection exceeds
31 the student count of the unified school district, the unified school district
32 is eligible to use subsection O of this section.

33 Q. Subsections O and P of this section shall remain in effect until
34 the aggregate student count of the common school districts before unification
35 exceeds the aggregate number of students of the common school districts
36 before unification authorized to utilize section 15-943, paragraph 1,
37 subdivision (a).

38 Sec. 5. Section 15-481, Arizona Revised Statutes, is amended to read:

39 15-481. Override election; budget increases; notice; ballot;
40 effect

41 A. If a proposed budget of a school district exceeds the aggregate
42 budget limit for the budget year, at least ninety days before the proposed
43 election the governing board shall order an override election to be held on
44 the first Tuesday following the first Monday in November as prescribed by
45 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
46 presenting the proposed budget to the qualified electors of the school
47 district who shall by a majority of those voting either affirm or reject the
48 budget. In addition, the governing board shall prepare an alternate budget

1 which does not include an increase in the budget of more than the amount
2 permitted as provided in section 15-905. If the qualified electors approve
3 the proposed budget, the governing board of the school district shall follow
4 the procedures prescribed in section 15-905 for adopting a budget that
5 includes the authorized increase. If the qualified electors disapprove the
6 proposed budget, the governing board shall follow the procedures prescribed
7 in section 15-905 for adopting a budget that does not include the proposed
8 increase or the portion of the proposed increase that exceeds the amount
9 authorized by a previously approved budget increase as prescribed in
10 subsection ~~P~~ M of this section.

11 B. The county school superintendent shall prepare an informational
12 report on the proposed increase in the budget and a sample ballot and, at
13 least forty days prior to the election, shall transmit the report and the
14 sample ballot to the governing board of the school district. The governing
15 board, upon receipt of the report and the ballot, shall mail or distribute
16 the report and the ballot to the households in which qualified electors
17 reside within the school district at least thirty-five days prior to the
18 election. Any distribution of material concerning the proposed increase in
19 the budget shall not be conducted by children enrolled in the school
20 district. The report shall contain the following information:

21 1. The date of the election.
22 2. The voter's polling place and the times it is open.
23 3. The proposed total increase in the budget which exceeds the amount
24 permitted pursuant to section 15-905.

25 4. The total amount of the current year's budget, the total amount of
26 the proposed budget and the total amount of the alternate budget.

27 5. If the override is for a period of more than one year, a statement
28 indicating the number of years the proposed increase in the budget would be
29 in effect and the percentage of the school district's revenue control limit
30 that the district is requesting for the future years.

31 6. The proposed total amount of revenues which will fund the increase
32 in the budget and the amount which will be obtained from a levy of taxes upon
33 the taxable property within the school district for the first year for which
34 the budget increase was adopted.

35 7. The proposed amount of revenues which will fund the increase in the
36 budget and which will be obtained from other than a levy of taxes upon the
37 taxable property within the school district for the first year for which the
38 budget increase was adopted.

39 8. The dollar amount and the purpose for which the proposed increase
40 in the budget is to be expended for the first year for which the budget
41 increase was adopted.

42 9. At least two arguments, if submitted, but no more than ten
43 arguments for and two arguments, if submitted, but no more than ten arguments
44 against the proposed increase in the budget. The arguments shall be in a
45 form prescribed by the county school superintendent and each argument shall
46 not exceed two hundred words. Arguments for the proposed increase in the
47 budget shall be provided in writing and signed by the governing board. If
48 submitted, additional arguments in favor of the proposed increase in the

1 budget shall be provided in writing and signed by those in favor. Arguments
2 against the proposed increase in the budget shall be provided in writing and
3 signed by those in opposition. The names of those persons other than the
4 governing board or superintendent submitting written arguments shall not be
5 included in the report without their specific permission, but shall be made
6 available only upon request to the county school superintendent. The county
7 school superintendent shall review all factual statements contained in the
8 written arguments and correct any inaccurate statements of fact. The
9 superintendent shall not review and correct any portion of the written
10 arguments which are identified as statements of the author's opinion. The
11 county school superintendent shall make the written arguments available to
12 the public as provided in title 39, chapter 1, article 2. A deadline for
13 submitting arguments to be included in the informational report shall be set
14 by the county school superintendent.

15 10. A statement that the alternate budget shall be adopted by the
16 governing board if the proposed budget is not adopted by the qualified
17 electors of the school district.

18 11. The full cash value, the assessed valuation, the first year tax
19 rate for the proposed override and the estimated amount of the secondary
20 property taxes if the proposed budget is adopted for each of the following:

21 (a) An owner-occupied residence whose assessed valuation is the
22 average assessed valuation of property classified as class three, as
23 prescribed by section 42-12003 for the current year in the school district.

24 (b) An owner-occupied residence whose assessed valuation is one-half
25 of the assessed valuation of the residence in subdivision (a) of this
26 paragraph.

27 (c) An owner-occupied residence whose assessed valuation is twice the
28 assessed valuation of the residence in subdivision (a) of this paragraph.

29 (d) A business whose assessed valuation is the average of the assessed
30 valuation of property classified as class one, as prescribed by section
31 42-12001, paragraphs 12 and 13 for the current year in the school district.

32 12. If the election is conducted pursuant to subsection ~~I~~ I or ~~M~~ J of
33 this section, the following information:

34 (a) An executive summary of the school district's most recent capital
35 improvement plan submitted to the school facilities board.

36 (b) A complete list of each proposed capital improvement that will be
37 funded with the budget increase and a description of the proposed cost of
38 each improvement, including a separate aggregation of capital improvements
39 for administrative purposes as defined by the school facilities board.

40 (c) The tax rate associated with each of the proposed capital
41 improvements and the estimated cost of each capital improvement for the owner
42 of a single family home that is valued at eighty thousand dollars.

43 C. For the purpose of this section, the school district may use its
44 staff, equipment, materials, buildings or other resources only to distribute
45 the informational report at the school district office or at public hearings
46 and to produce such information as required in subsection B of this section,
47 provided that nothing in this subsection shall preclude school districts from
48 holding or participating in any public hearings at which testimony is given

1 by at least one person for the proposed increase and one person against the
2 proposed increase. Any written information provided by the district
3 pertaining to the override election shall include financial information
4 showing the estimated first year tax rate for the proposed budget override
5 amount.

6 D. If any amount of the proposed increase will be funded by a levy of
7 taxes in the district, the election prescribed in subsection A of this
8 section shall be held on the first Tuesday following the first Monday in
9 November as prescribed by section 16-204, subsection B, paragraph 1,
10 subdivision (d). If the proposed increase will be fully funded by revenues
11 from other than a levy of taxes the elections prescribed in subsection A of
12 this section shall be held on any date prescribed by section 16-204. The
13 elections shall be conducted as nearly as practicable in the manner
14 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
15 section 15-426, relating to special elections, except that:

16 1. The notices required pursuant to section 15-403 shall be posted not
17 less than twenty-five days before the election.

18 2. Ballots shall be counted pursuant to title 16, chapter 4,
19 article 10.

20 E. If the election is to exceed the revenue control limit and if the
21 proposed increase will be fully funded by a levy of taxes upon the taxable
22 property within the school district, the ballot shall contain the words
23 "budget increase, yes" and "budget increase, no", and the voter shall signify
24 his desired choice. The ballot shall also contain the amount of the proposed
25 increase of the proposed budget over the alternate budget, a statement that
26 the amount of the proposed increase will be based on a percentage of the
27 school district's revenue control limit in future years, if applicable, as
28 provided in subsection ~~P~~ M of this section and the following statement:

29 Any budget increase authorized by this election shall be
30 entirely funded by a levy of taxes upon the taxable property
31 within this school district for the year for which adopted and
32 for ____ subsequent years, shall not be realized from monies
33 furnished by the state and shall not be subject to the limitation
34 on taxes specified in article IX, section 18, Constitution of
35 Arizona. Based on an estimate of assessed valuation used for
36 secondary property tax purposes, to fund the proposed increase in
37 the school district's budget would require an estimated tax rate
38 of _____ dollar per one hundred dollars of assessed
39 valuation used for secondary property tax purposes and is in
40 addition to the school district's tax rate which will be levied
41 to fund the school district's revenue control limit allowed by
42 law.

43 F. If the election is to exceed the revenue control limit and if the
44 proposed increase will be fully funded by revenues from other than a levy of
45 taxes upon the taxable property within the school district, the ballot shall
46 contain the words "budget increase, yes" and "budget increase, no", and the
47 voter shall signify the voter's desired choice. The ballot shall also
48 contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection ~~P~~ M of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. PROCEEDS FROM THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE AMOUNT OF INSTRUCTION.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Small School	Support Level Weight	Phase Down
Student	Student	for Small Isolated
Reduction		
Count	Count Limit	School Districts
Factor		Base Level
	- 125	x 1.358 + (0.0005 x
\$	=\$	x
	(500 - Student Count))	

Phase Down	Phase Down	Small Isolated
Base	Reduction Factor	School District
\$150,000	- \$	Elementary Limit
	=	\$

(ii)

Small School	Support Level Weight	Phase Down
--------------	----------------------	------------

Student Student for Small
 Reduction
 Count Count Limit School Districts Base Level
 Factor
 -125 x 1.278 + (0.0003 x x
 \$ = \$
 (500 - Student Count))

Small
 Phase Down Phase Down School District
 Base Reduction Factor Elementary Limit
 \$150,000 - \$ = \$

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)
 Small School Support Level Weight Phase Down
 Student Student for Small Isolated
 Reduction
 Count Count Limit School Districts Base Level
 Factor
 - 100 x 1.468 + (0.0005 x x
 \$ = \$
 (500 - Student Count))

Small Isolated
 District
 Phase Down
 District
 Phase Down Phase Down
 Base Reduction Factor Secondary Limit
 \$350,000 - \$ = \$

(ii)
 Small School Support Level Weight Phase Down
 Student Student for Small
 Reduction
 Count Count Limit School Districts Base Level
 Factor
 - 100 x 1.398 + (0.0004 x x
 \$ = \$
 (500 - Student Count))

Small
 Phase Down Phase Down School District
 Base Reduction Factor Secondary Limit
 \$350,000 - \$ = \$

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit

1 attributable to those grade levels that do not meet the eligibility
2 requirements of this subsection. If a school district budgets monies outside
3 the revenue control limit pursuant to section 15-949, subsection E, the
4 district's limit for the purposes of this paragraph is only the ten per cent
5 of the revenue control limit attributable to those grade levels that are not
6 included under section 15-949, subsection E. For the purposes of this
7 subdivision, the revenue control limit is separated into elementary and
8 secondary components based on the weighted student count as provided in
9 section 15-971, subsection B, paragraph 2, subdivision (a).

10 2. If a school district utilizes the provisions of this subsection to
11 request an override of more than one year, the ballot shall include an
12 estimate of the amount of the proposed increase in the future years in place
13 of the statement that the amount of the proposed increase will be based on a
14 percentage of the school district's revenue control limit in future years, as
15 prescribed in subsections E and F of this section.

16 3. Notwithstanding subsection ~~P~~ M of this section, the maximum period
17 of an override authorized pursuant to this subsection is five years.

18 4. Subsection ~~P~~ M, paragraphs 1 and 2 of this section do not apply to
19 overrides authorized pursuant to this subsection.

20 ~~I. If the election is to exceed the revenue control limit as provided~~
21 ~~in section 15-482 and if the proposed increase will be fully funded by a levy~~
22 ~~of taxes on the taxable property within the school district, the ballot shall~~
23 ~~contain the words "budget increase, yes" and "budget increase, no", and the~~
24 ~~voter shall signify the voter's desired choice. The ballot shall also~~
25 ~~contain the amount of the proposed increase of the budget over the alternate~~
26 ~~budget, a statement that the amount of the proposed increase will be based on~~
27 ~~a percentage of the school district's revenue control limit in future years,~~
28 ~~if applicable, as provided in subsection Q of this section, and the following~~
29 ~~statement:~~

30 ~~Any budget increase authorized by this election shall be~~
31 ~~entirely funded by a levy of taxes on the taxable property within~~
32 ~~this school district for the year for which adopted and for _____~~
33 ~~subsequent years, shall not be realized from monies furnished by~~
34 ~~the state and shall not be subject to the limitation on taxes~~
35 ~~specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary~~
36 ~~property tax purposes, to fund the proposed increase in the~~
37 ~~school district's budget which will be funded by a levy of taxes~~
38 ~~upon the taxable property within this school district would~~
39 ~~require an estimated tax rate of _____ dollar per one~~
40 ~~hundred dollars of assessed valuation used for secondary property~~
41 ~~tax purposes and is in addition to the school district's tax rate~~
42 ~~that will be levied to fund the school district's revenue control~~
43 ~~limit allowed by law.~~

44 ~~J. If the election is to exceed the revenue control limit as provided~~
45 ~~in section 15-482 and if the proposed increase will be fully funded by~~
46 ~~revenues other than a levy of taxes on the taxable property within the school~~
47 ~~district, the ballot shall contain the words "budget increase, yes" and~~
48

~~"budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section and the following statement:~~

~~Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.~~

~~K. The maximum budget increase that may be requested and authorized as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.~~

~~I. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:~~

~~Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's capital outlay revenue limit allowed by law.~~

~~M. J. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the~~

1 ballot shall contain the words "budget increase, yes" and "budget increase,
2 no", and the voter shall signify the voter's desired choice. An election
3 held pursuant to this subsection shall be held on the first Tuesday after the
4 first Monday of November. The ballot shall also contain the amount of the
5 proposed increase of the proposed budget over the alternate budget and the
6 following statement:

7 Any budget increase authorized by this election shall be
8 entirely funded by this school district with revenues from other
9 than a levy of taxes on the taxable property within the school
10 district for the year in which adopted and for _____ subsequent
11 years and shall not be realized from monies furnished by the
12 state.

13 ~~N.~~ K. If the election is to exceed a combination of the revenue
14 control limit as provided in subsection E or F of this section, ~~the revenue~~
15 ~~control limit as provided in subsection I or J of this section~~ or the capital
16 outlay revenue limit as provided in subsection ~~I~~ or ~~M~~ J of this section,
17 the ballot shall be prepared so that the voters may vote on each proposed
18 increase separately and shall contain statements required in the same manner
19 as if each proposed increase were submitted separately.

20 ~~O.~~ L. If the election provides for a levy of taxes on the taxable
21 property within the school district, at least thirty days prior to the
22 election, the department of revenue shall provide the school district
23 governing board and the county school superintendent with an estimate of the
24 school district's assessed valuation used for secondary property tax purposes
25 for the ensuing fiscal year. The governing board and the county school
26 superintendent shall use this estimate to translate the amount of the
27 proposed dollar increase in the budget of the school district over that
28 allowed by law into a tax rate figure.

29 ~~P.~~ M. If the voters in a school district vote to adopt a budget in
30 excess of the revenue control limit as provided in subsection E or F of this
31 section, any additional increase shall be included in the aggregate budget
32 limit for each of the years authorized. Any additional increase shall be
33 excluded from the determination of equalization assistance. The school
34 district governing board ~~may~~, however, MAY levy on the assessed valuation
35 used for secondary property tax purposes of the property in the school
36 district the additional increase if adopted under subsection E of this
37 section for the period of one year, two years or five through seven years as
38 authorized. If an additional increase is approved as provided in subsection
39 F of this section, the school district governing board may only use revenues
40 derived from the school district's prior year's maintenance and operation
41 fund ending cash balance to fund the additional increase. If a budget
42 increase was previously authorized and will be in effect for the budget year
43 or budget year and subsequent years, as provided in subsection E or F of this
44 section, the governing board may request a new budget increase as provided in
45 the same subsection under which the prior budget increase was adopted which
46 shall not exceed the maximum amount permitted under subsection G of this
47 section. If the voters in the school district authorize the new budget
48 increase amount, the existing budget increase no longer is in effect. If the

1 voters in the school district do not authorize the budget increase amount,
2 the existing budget increase remains in effect for the time period for which
3 it was authorized. The maximum additional increase authorized as provided in
4 subsection E or F of this section and the additional increase which is
5 included in the aggregate budget limit is based on a percentage of a school
6 district's revenue control limit in future years, if the budget increase is
7 authorized for more than one year. If the additional increase:

8 1. Is for two years, the proposed increase in the second year is equal
9 to the initial proposed percentage increase.

10 2. Is for five years or more, the proposed increase is equal to the
11 initial proposed percentage increase in the following years of the proposed
12 increase, except that in the next to last year it is two-thirds of the
13 initial proposed percentage increase and it is one-third of the initial
14 proposed percentage increase in the last year of the proposed increase.

15 ~~Q. If the voters in a school district vote to adopt a budget in excess~~
16 ~~of the revenue control limit as provided in subsection I or J of this~~
17 ~~section, any additional increase shall be included in the aggregate budget~~
18 ~~limit for each of the years authorized. Any additional increase shall be~~
19 ~~excluded from the determination of equalization assistance. The school~~
20 ~~district governing board, however, may levy on the assessed valuation used~~
21 ~~for secondary property tax purposes of the property in the school district~~
22 ~~the additional increase if adopted under subsection I of this section for the~~
23 ~~period of one year, two years or five through seven years as authorized. If~~
24 ~~an additional increase is approved as provided in subsection J of this~~
25 ~~section, the increase may only be budgeted and expended if sufficient monies~~
26 ~~are available in the maintenance and operation fund of the school district.~~
27 ~~If a budget increase was previously authorized and will be in effect for the~~
28 ~~budget year or budget year and subsequent years, as provided in subsection I~~
29 ~~or J of this section, the governing board may request a new budget increase~~
30 ~~as provided in the same subsection under which the prior budget increase was~~
31 ~~adopted that does not exceed the maximum amount permitted under subsection K~~
32 ~~of this section. If the voters in the school district authorize the new~~
33 ~~budget increase amount, the existing budget increase no longer is in effect.~~
34 ~~If the voters in the school district do not authorize the budget increase~~
35 ~~amount, the existing budget increase remains in effect for the time period~~
36 ~~for which it was authorized. The maximum additional increase authorized as~~
37 ~~provided in subsection I or J of this section and the additional increase~~
38 ~~that is included in the aggregate budget limit is based on a percentage of a~~
39 ~~school district's revenue control limit in future years, if the budget~~
40 ~~increase is authorized for more than one year. If the additional increase:~~

41 1. Is for two years, the proposed increase in the second year is equal
42 to the initial proposed percentage increase.

43 2. Is for five years or more, the proposed increase is equal to the
44 initial proposed percentage increase in the following years of the proposed
45 increase, except that in the next to last year it is two-thirds of the
46 initial proposed percentage increase and it is one-third of the initial
47 proposed percentage increase in the last year of the proposed increase.

48 ~~R.~~ N. If the voters in a school district vote to adopt a budget in

1 excess of the capital outlay revenue limit as provided in subsection ~~I~~ I of
2 this section, any additional increase shall be included in the aggregate
3 budget limit for each of the years authorized. The additional increase shall
4 be excluded from the determination of equalization assistance. The school
5 district governing board ~~may~~, however, MAY levy on the assessed valuation
6 used for secondary property tax purposes of the property in the school
7 district the additional increase for the period authorized but not to exceed
8 ten years. For overrides approved by a vote of the qualified electors of the
9 school district at an election held from and after October 31, 1998, the
10 period of the additional increase prescribed in this subsection shall not
11 exceed seven years for any capital override election.

12 ~~S.~~ O. If the voters in a school district vote to adopt a budget in
13 excess of the capital outlay revenue limit as provided in subsection ~~M~~ J of
14 this section, any additional increase shall be included in the aggregate
15 budget limit for each of the years authorized. The additional increase shall
16 be excluded from the determination of equalization assistance. The school
17 district governing board may only use revenues derived from the school
18 district's prior year's maintenance and operation fund ending cash balance
19 and capital outlay fund ending cash balance to fund the additional increase
20 for the period authorized but not to exceed ten years. For overrides
21 approved by a vote of the qualified electors of the school district at an
22 election held from and after October 31, 1998, the period of the additional
23 increase prescribed in this subsection shall not exceed seven years for any
24 capital override election.

25 ~~T.~~ P. In addition to subsections ~~P~~ M and ~~S~~ O of this section, from
26 the maintenance and operation fund and capital outlay fund ending cash
27 balances, the school district governing board shall first use any available
28 revenues to reduce its primary tax rate to zero and shall use any remaining
29 revenues to fund the additional increase authorized as provided in
30 subsections F and ~~M~~ J of this section.

31 ~~U.~~ Q. If the voters in a school district disapprove the proposed
32 budget, the alternate budget which, except for any budget increase authorized
33 by a prior election, does not include an increase in the budget in excess of
34 the amount provided in section 15-905 shall be adopted by the governing board
35 as provided in section 15-905.

36 ~~V.~~ R. The governing board may request that any override election be
37 cancelled if any change in chapter 9 of this title changes the amount of the
38 aggregate budget limit as provided in section 15-905. The request to cancel
39 the override election shall be made to the county school superintendent at
40 least ten days prior to the date of the scheduled override election.

41 ~~W.~~ S. For any election conducted pursuant to subsection ~~I~~ I or ~~M~~ J
42 of this section:

43 1. The ballot shall include the following statement in addition to any
44 other statement required by this section:

45 The capital improvements that are proposed to be funded
46 through this override election are to exceed the state standards
47 and are in addition to monies provided by the state.

48 _____ school district is proposing to increase its

1 budget by \$_____ to fund capital improvements over and above
2 those funded by the state. Under the students first capital
3 funding system, _____ school district is entitled to state
4 monies for building renewal, new construction and renovation of
5 school buildings in accordance with state law.

6 2. The ballot shall contain the words "budget increase, yes" and
7 "budget increase, no", and the voter shall signify the voter's desired
8 choice.

9 3. At least eighty-five days before the election, the school district
10 shall submit proposed ballot language to the director of the Arizona
11 legislative council. The director of the Arizona legislative council shall
12 review the proposed ballot language to determine whether the proposed ballot
13 language complies with this section. If the director of the Arizona
14 legislative council determines that the proposed ballot language does not
15 comply with this section, the director, within ten calendar days of the
16 receipt of the proposed ballot language, shall notify the school district of
17 the director's objections and the school district shall resubmit revised
18 ballot language to the director for approval.

19 ~~X~~ T. If the voters approve the budget increase pursuant to
20 subsection ~~I~~ I or ~~M~~ J of this section, the school district shall not use
21 the override proceeds for any purposes other than the proposed capital
22 improvements listed in the publicity pamphlet, except that up to ten per cent
23 of the override proceeds may be used for general capital expenses, including
24 cost overruns of proposed capital improvements.

25 ~~Y~~ U. Each school district that currently increases its budget
26 pursuant to subsection ~~I~~ I or ~~M~~ J of this section is required to hold a
27 public meeting each year between September 1 and October 31 at which an
28 update of the progress of capital improvements financed through the override
29 is discussed and at which the public is permitted an opportunity to comment.
30 At a minimum, the update shall include a comparison of the current status and
31 the original projections on the construction of capital improvements, the
32 costs of capital improvements and the costs of capital improvements in
33 progress or completed since the prior meeting and the future capital plans of
34 the school district. The school district shall include in the public meeting
35 a discussion of the school district's use of state capital aid and
36 voter-approved bonding in funding capital improvements, if any.

37 ~~Z~~ V. If a budget in excess of the capital outlay revenue limit was
38 previously adopted by the voters in a school district and will be in effect
39 for the budget year or budget year and subsequent years, as provided in
40 subsection ~~I~~ I or ~~M~~ J of this section, the governing board may request an
41 additional budget in excess of the capital outlay revenue limit. If the
42 voters in a school district authorize the additional budget in excess of the
43 capital outlay revenue limit, the existing capital outlay revenue limit
44 budget increase remains in effect.

45 Sec. 6. Repeal

46 Section 15-482, Arizona Revised Statutes, is repealed.

47 Sec. 7. Section 15-901, Arizona Revised Statutes, is amended to read:

48 15-901. Definitions

- 1 A. In this title, unless the context otherwise requires:
- 2 1. "Average daily attendance" or "ADA" means actual average daily
- 3 attendance through the first one hundred days or two hundred days in session,
- 4 as applicable.
- 5 2. "Average daily membership" means the total enrollment of fractional
- 6 students and full-time students, minus withdrawals, of each school day
- 7 through the first one hundred days or two hundred days in session, as
- 8 applicable, for the current year. Withdrawals include students formally
- 9 withdrawn from schools and students absent for ten consecutive school days,
- 10 except for excused absences as identified by the department of education.
- 11 For computation purposes, the effective date of withdrawal shall be
- 12 retroactive to the last day of actual attendance of the student.
- 13 (a) "Fractional student" means:
- 14 (i) For common schools, until fiscal year 2001-2002, a preschool child
- 15 who is enrolled in a program for preschool children with disabilities of at
- 16 least three hundred sixty minutes each week or a kindergarten student at
- 17 least five years of age prior to January 1 of the school year and enrolled in
- 18 a school kindergarten program that meets at least three hundred forty-six
- 19 instructional hours during the minimum number of days required in a school
- 20 year as provided in section 15-341. In fiscal year 2001-2002, the
- 21 kindergarten program shall meet at least three hundred forty-eight hours. In
- 22 fiscal year 2002-2003, the kindergarten program shall meet at least three
- 23 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
- 24 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
- 25 the kindergarten program shall meet at least three hundred fifty-four hours.
- 26 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
- 27 program shall meet at least three hundred fifty-six hours. Lunch periods and
- 28 recess periods may not be included as part of the instructional hours unless
- 29 the child's individualized education program requires instruction during
- 30 those periods and the specific reasons for such instruction are fully
- 31 documented. In computing the average daily membership, preschool children
- 32 with disabilities and kindergarten students shall be counted as one-half of a
- 33 full-time student. For common schools, a part-time student is a student
- 34 enrolled for less than the total time for a full-time student as defined in
- 35 this section. A part-time common school student shall be counted as
- 36 one-fourth, one-half or three-fourths of a full-time student if the student
- 37 is enrolled in an instructional program that is at least one-fourth, one-half
- 38 or three-fourths of the time a full-time student is enrolled as defined in
- 39 subdivision (b) of this paragraph.
- 40 (ii) For high schools, a part-time student who is enrolled in less
- 41 than four subjects that count toward graduation as defined by the state board
- 42 of education in a recognized high school and who is taught in less than
- 43 twenty instructional hours per week prorated for any week with fewer than
- 44 five school days. A part-time high school student shall be counted as
- 45 one-fourth, one-half or three-fourths of a full-time student if the student
- 46 is enrolled in an instructional program that is at least one-fourth, one-half
- 47 or three-fourths of a full-time instructional program as defined in
- 48 subdivision (c) of this paragraph.

1 (b) "Full-time student" means:

2 (i) For common schools, a student who is at least six years of age
3 prior to January 1 of a school year, who has not graduated from the highest
4 grade taught in the school district and who is regularly enrolled in a course
5 of study required by the state board of education. Until fiscal year
6 2001-2002, first, second and third grade students, ungraded students at least
7 six, but under nine, years of age by September 1 or ungraded group B children
8 with disabilities who are at least five, but under six, years of age by
9 September 1 must be enrolled in an instructional program that meets for a
10 total of at least six hundred ninety-two hours during the minimum number of
11 days required in a school year as provided in section 15-341. In fiscal year
12 2001-2002, the program shall meet at least six hundred ninety-six hours. In
13 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
14 In fiscal year 2003-2004, the program shall meet at least seven hundred four
15 hours. In fiscal year 2004-2005, the program shall meet at least seven
16 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
17 thereafter, the program shall meet at least seven hundred twelve hours.
18 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
19 ungraded students at least nine, but under twelve, years of age by September
20 1 must be enrolled in an instructional program that meets for a total of at
21 least eight hundred sixty-five hours during the minimum number of school days
22 required in a school year as provided in section 15-341. In fiscal year
23 2001-2002, the program shall meet at least eight hundred seventy hours. In
24 fiscal year 2002-2003, the program shall meet at least eight hundred
25 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least
26 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet
27 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each
28 fiscal year thereafter, the program shall meet at least eight hundred ninety
29 hours. Until fiscal year 2001-2002, seventh and eighth grade students or
30 ungraded students at least twelve, but under fourteen, years of age by
31 September 1 must be enrolled in an instructional program that meets for a
32 total of at least one thousand thirty-eight hours during the minimum number
33 of days required in a school year as provided in section 15-341. In fiscal
34 year 2001-2002, the program shall meet at least one thousand forty-four
35 hours. In fiscal year 2002-2003, the program shall meet at least one
36 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at
37 least one thousand fifty-six hours. In fiscal year 2004-2005, the program
38 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006
39 and each fiscal year thereafter, the program shall meet at least one thousand
40 sixty-eight hours. Lunch periods and recess periods may not be included as
41 part of the instructional hours unless the student is a child with a
42 disability and the child's individualized education program requires
43 instruction during those periods and the specific reasons for such
44 instruction are fully documented.

45 (ii) For high schools, except as provided in section 15-105, a student
46 not graduated from the highest grade taught in the school district, or an
47 ungraded student at least fourteen years of age by September 1, and enrolled
48 in at least a full-time instructional program of subjects that count toward

1 graduation as defined by the state board of education in a recognized high
2 school. A full-time student shall not be counted more than once for
3 computation of average daily membership.

4 (iii) For homebound or hospitalized, a student receiving at least four
5 hours of instruction per week.

6 (c) "Full-time instructional program" means:

7 (i) Through fiscal year 2000-2001, at least four subjects, each of
8 which, if taught each school day for the minimum number of days required in a
9 school year, would meet a minimum of one hundred twenty hours a year, or the
10 equivalent, or one or more subjects taught in amounts of time totaling at
11 least twenty hours per week prorated for any week with fewer than five school
12 days.

13 (ii) For fiscal year 2001-2002, an instructional program that meets at
14 least a total of seven hundred four hours during the minimum number of days
15 required and includes at least four subjects each of which, if taught each
16 school day for the minimum number of days required in a school year, would
17 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
18 one or more subjects taught in amounts of time totaling at least twenty hours
19 per week prorated for any week with fewer than five school days.

20 (iii) For fiscal year 2002-2003, an instructional program that meets
21 at least a total of seven hundred eight hours during the minimum number of
22 days required and includes at least four subjects each of which, if taught
23 each school day for the minimum number of days required in a school year,
24 would meet a minimum of one hundred twenty-two hours a year, or the
25 equivalent, or one or more subjects taught in amounts of time totaling at
26 least twenty hours per week prorated for any week with fewer than five school
27 days.

28 (iv) For fiscal year 2003-2004, an instructional program that meets at
29 least a total of seven hundred twelve hours during the minimum number of days
30 required and includes at least four subjects each of which, if taught each
31 school day for the minimum number of days required in a school year, would
32 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
33 or one or more subjects taught in amounts of time totaling at least twenty
34 hours per week prorated for any week with fewer than five school days.

35 (v) For fiscal year 2004-2005, an instructional program that meets at
36 least a total of seven hundred sixteen hours during the minimum number of
37 days required and includes at least four subjects each of which, if taught
38 each school day for the minimum number of days required in a school year,
39 would meet a minimum of one hundred twenty-three hours a year, or the
40 equivalent, or one or more subjects taught in amounts of time totaling at
41 least twenty hours per week prorated for any week with fewer than five school
42 days.

43 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
44 instructional program that meets at least a total of seven hundred twenty
45 hours during the minimum number of days required and includes at least four
46 subjects each of which, if taught each school day for the minimum number of
47 days required in a school year, would meet a minimum of one hundred
48 twenty-three hours a year, or the equivalent, or one or more subjects taught

1 in amounts of time totaling at least twenty hours per week prorated for any
2 week with fewer than five school days.

3 3. "Budget year" means the fiscal year for which the school district
4 is budgeting and which immediately follows the current year.

5 4. "Common school district" means a political subdivision of this
6 state offering instruction to students in programs for preschool children
7 with disabilities and kindergarten programs and grades one through eight.

8 5. "Current year" means the fiscal year in which a school district is
9 operating.

10 6. "Daily attendance" means:

11 (a) For common schools, days in which a pupil:

12 (i) Of a kindergarten program or ungraded, but not group B children
13 with disabilities, and at least five, but under six, years of age by
14 September 1 attends at least three-quarters of the instructional time
15 scheduled for the day. If the total instruction time scheduled for the year
16 is at least three hundred forty-six hours but is less than six hundred
17 ninety-two hours such attendance shall be counted as one-half day of
18 attendance. If the instructional time scheduled for the year is at least six
19 hundred ninety-two hours, "daily attendance" means days in which a pupil
20 attends at least one-half of the instructional time scheduled for the day.
21 Such attendance shall be counted as one-half day of attendance.

22 (ii) Of the first, second or third grades, ungraded and at least six,
23 but under nine, years of age by September 1 or ungraded group B children with
24 disabilities and at least five, but under six, years of age by September 1
25 attends more than three-quarters of the instructional time scheduled for the
26 day.

27 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
28 nine, but under twelve, years of age by September 1 attends more than
29 three-quarters of the instructional time scheduled for the day, except as
30 provided in section 15-797.

31 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
32 but under fourteen, years of age by September 1 attends more than
33 three-quarters of the instructional time scheduled for the day, except as
34 provided in section 15-797.

35 (b) For common schools, the attendance of a pupil at three-quarters or
36 less of the instructional time scheduled for the day shall be counted as
37 follows, except as provided in section 15-797 and except that attendance for
38 a fractional student shall not exceed the pupil's fractional membership:

39 (i) If attendance for all pupils in the school is based on quarter
40 days, the attendance of a pupil shall be counted as one-fourth of a day's
41 attendance for each one-fourth of full-time instructional time attended.

42 (ii) If attendance for all pupils in the school is based on half days,
43 the attendance of at least three-quarters of the instructional time scheduled
44 for the day shall be counted as a full day's attendance and attendance at a
45 minimum of one-half but less than three-quarters of the instructional time
46 scheduled for the day equals one-half day of attendance.

47 (c) For common schools, the attendance of a preschool child with
48 disabilities shall be counted as one-fourth day's attendance for each

1 thirty-six minutes of attendance not including lunch periods and recess
2 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
3 subsection for children with disabilities up to a maximum of three hundred
4 sixty minutes each week.

5 (d) For high schools or ungraded schools in which the pupil is at
6 least fourteen years of age by September 1, the attendance of a pupil shall
7 not be counted as a full day unless the pupil is actually and physically in
8 attendance and enrolled in and carrying four subjects, each of which, if
9 taught each school day for the minimum number of days required in a school
10 year, would meet a minimum of one hundred twenty hours a year, or the
11 equivalent, that count toward graduation in a recognized high school except
12 as provided in section 15-797 and subdivision (e) of this paragraph.
13 Attendance of a pupil carrying less than the load prescribed shall be
14 prorated.

15 (e) For high schools or ungraded schools in which the pupil is at
16 least fourteen years of age by September 1, the attendance of a pupil may be
17 counted as one-fourth of a day's attendance for each sixty minutes of
18 instructional time in a subject that counts toward graduation, except that
19 attendance for a pupil shall not exceed the pupil's full or fractional
20 membership.

21 (f) For homebound or hospitalized, a full day of attendance may be
22 counted for each day during a week in which the student receives at least
23 four hours of instruction.

24 (g) For school districts which maintain school for an approved
25 year-round school year operation, attendance shall be based on a computation,
26 as prescribed by the superintendent of public instruction, of the one hundred
27 eighty days' equivalency or two hundred days' equivalency, as applicable, of
28 instructional time as approved by the superintendent of public instruction
29 during which each pupil is enrolled.

30 7. "Daily route mileage" means the sum of:

31 (a) The total number of miles driven daily by all buses of a school
32 district while transporting eligible students from their residence to the
33 school of attendance and from the school of attendance to their residence on
34 scheduled routes approved by the superintendent of public instruction.

35 (b) The total number of miles driven daily on routes approved by the
36 superintendent of public instruction for which a private party, a political
37 subdivision or a common or a contract carrier is reimbursed for bringing an
38 eligible student from the place of his residence to a school transportation
39 pickup point or to the school of attendance and from the school
40 transportation scheduled return point or from the school of attendance to his
41 residence. Daily route mileage includes the total number of miles necessary
42 to drive to transport eligible students from and to their residence as
43 provided in this paragraph.

44 8. "District support level" means the base support level plus the
45 transportation support level.

46 9. "Eligible students" means:

47 (a) Students who are transported by or for a school district and who
48 qualify as full-time students or fractional students, except students for

1 whom transportation is paid by another school district or a county school
2 superintendent, and:

3 (i) For common school students, whose place of actual residence within
4 the school district is more than one mile from the school facility of
5 attendance or students who are admitted pursuant to section 15-816.01 and who
6 meet the economic eligibility requirements established under the national
7 school lunch and child nutrition acts (42 United States Code sections 1751
8 through 1785) for free or reduced price lunches and whose actual place of
9 residence outside the school district boundaries is more than one mile from
10 the school facility of attendance.

11 (ii) For high school students, whose place of actual residence within
12 the school district is more than one and one-half miles from the school
13 facility of attendance or students who are admitted pursuant to section
14 15-816.01 and who meet the economic eligibility requirements established
15 under the national school lunch and child nutrition acts (42 United States
16 Code sections 1751 through 1785) for free or reduced price lunches and whose
17 actual place of residence outside the school district boundaries is more than
18 one and one-half miles from the school facility of attendance.

19 (b) Kindergarten students, for purposes of computing the number of
20 eligible students under subdivision (a), item (i) of this paragraph, shall be
21 counted as full-time students, notwithstanding any other provision of law.

22 (c) Children with disabilities, as defined by section 15-761, who are
23 transported by or for the school district or who are admitted pursuant to
24 chapter 8, article 1.1 of this title and who qualify as full-time students or
25 fractional students regardless of location or residence within the school
26 district or children with disabilities whose transportation is required by
27 the pupil's individualized education program.

28 (d) Students whose residence is outside the school district and who
29 are transported within the school district on the same basis as students who
30 reside in the school district.

31 10. "Enrolled" or "enrollment" means when a pupil is currently
32 registered in the school district.

33 11. "GDP price deflator" means the average of the four implicit price
34 deflators for the gross domestic product reported by the United States
35 department of commerce for the four quarters of the calendar year.

36 12. "High school district" means a political subdivision of this state
37 offering instruction to students for grades nine through twelve or that
38 portion of the budget of a common school district which is allocated to
39 teaching high school subjects with permission of the state board of
40 education.

41 13. "Revenue control limit" means the base revenue control limit plus
42 the transportation revenue control limit.

43 14. "Student count" means average daily membership as prescribed in
44 this subsection for the fiscal year prior to the current year, except that
45 for the purpose of budget preparation student count means average daily
46 membership as prescribed in this subsection for the current year.

47 15. "Submit electronically" means submitted in a format and in a manner
48 prescribed by the department of education.

1 16. "Total bus mileage" means the total number of miles driven by all
2 buses of a school district during the school year.

3 17. "Total students transported" means all eligible students
4 transported from their place of residence to a school transportation pickup
5 point or to the school of attendance and from the school of attendance or
6 from the school transportation scheduled return point to their place of
7 residence.

8 18. "Unified school district" means a political subdivision of the
9 state offering instruction to students in programs for preschool children
10 with disabilities and kindergarten programs and grades one through twelve.

11 B. In this title, unless the context otherwise requires:

12 1. "Base" means the revenue level per student count specified by the
13 legislature.

14 2. "Base level" means:

15 (a) For fiscal year 2006-2007, three thousand one hundred thirty-three
16 dollars fifty-three cents.

17 (b) For fiscal year 2007-2008, three thousand two hundred twenty-six
18 dollars eighty-eight cents.

19 (c) FOR FISCAL YEAR 2008-2009, THREE THOUSAND TWO HUNDRED NINETY-ONE
20 DOLLARS FORTY-TWO CENTS.

21 3. "Base revenue control limit" means the base revenue control limit
22 computed as provided in section 15-944.

23 4. "Base support level" means the base support level as provided in
24 section 15-943.

25 5. "Certified teacher" means a person who is certified as a teacher
26 pursuant to the rules adopted by the state board of education, who renders
27 direct and personal services to school children in the form of instruction
28 related to the school district's educational course of study and who is paid
29 from the maintenance and operation section of the budget.

30 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
31 emotional disabilities, mild mental retardation, a specific learning
32 disability, a speech/language impairment and other health impairments.

33 7. "ED-P" means programs for children with emotional disabilities who
34 are enrolled in private special education programs as prescribed in section
35 15-765, subsection D, paragraph 1 or in an intensive school district program
36 as provided in section 15-765, subsection D, paragraph 2.

37 8. "ELL" means English learners who do not speak English or whose
38 native language is not English, who are not currently able to perform
39 ordinary classroom work in English and who are enrolled in an English
40 language education program pursuant to sections 15-751, 15-752 and 15-753.

41 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
42 means for a certified teacher the following:

43 (a) If employed full time as defined in section 15-501, 1.00.

44 (b) If employed less than full time, multiply 1.00 by the percentage
45 of a full school day, or its equivalent, or a full class load, or its
46 equivalent, for which the teacher is employed as determined by the governing
47 board.

48 10. "Group A" means educational programs for career exploration, a

1 specific learning disability, an emotional disability, mild mental
2 retardation, remedial education, a speech/language impairment, homebound,
3 bilingual, preschool moderate delay, preschool speech/language delay, other
4 health impairments and gifted pupils.

5 11. "Group B" means educational improvements for pupils in kindergarten
6 programs and grades one through three, educational programs for autism, a
7 hearing impairment, moderate mental retardation, multiple disabilities,
8 multiple disabilities with severe sensory impairment, orthopedic impairments,
9 preschool severe delay, severe mental retardation and emotional disabilities
10 for school age pupils enrolled in private special education programs or in
11 school district programs for children with severe disabilities or visual
12 impairment and English learners enrolled in a program to promote English
13 language proficiency pursuant to section 15-752.

14 12. "HI" means programs for pupils with hearing impairment.

15 13. "Homebound" or "hospitalized" means a pupil who is capable of
16 profiting from academic instruction but is unable to attend school due to
17 illness, disease, accident or other health conditions, who has been examined
18 by a competent medical doctor and who is certified by that doctor as being
19 unable to attend regular classes for a period of not less than three school
20 months or a pupil who is capable of profiting from academic instruction but
21 is unable to attend school regularly due to chronic or acute health problems,
22 who has been examined by a competent medical doctor and who is certified by
23 that doctor as being unable to attend regular classes for intermittent
24 periods of time totaling three school months during a school year. The
25 medical certification shall state the general medical condition, such as
26 illness, disease or chronic health condition, that is the reason that the
27 pupil is unable to attend school. Homebound or hospitalized includes a
28 student who is unable to attend school for a period of less than three months
29 due to a pregnancy if a competent medical doctor, after an examination,
30 certifies that the student is unable to attend regular classes due to risk to
31 the pregnancy or to the student's health.

32 14. "K" means kindergarten programs.

33 15. "K-3" means kindergarten programs and grades one through three.

34 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
35 multiple disabilities, autism and severe mental retardation.

36 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
37 with multiple disabilities, autism and severe mental retardation.

38 18. "MDSSI" means a program for pupils with multiple disabilities with
39 severe sensory impairment.

40 19. "MOMR" means programs for pupils with moderate mental retardation.

41 20. "OI-R" means a resource program for pupils with orthopedic
42 impairments.

43 21. "OI-SC" means a self-contained program for pupils with orthopedic
44 impairments.

45 22. "PSD" means preschool programs for children with disabilities as
46 provided in section 15-771.

47 23. "P-SD" means programs for children who meet the definition of
48 preschool severe delay as provided in section 15-771.

1 24. "Qualifying tax rate" means the qualifying tax rate specified in
2 section 15-971 applied to the assessed valuation used for primary property
3 taxes.

4 25. "Small isolated school district" means a school district which
5 meets all of the following:

6 (a) Has a student count of fewer than six hundred in kindergarten
7 programs and grades one through eight or grades nine through twelve.

8 (b) Contains no school which is fewer than thirty miles by the most
9 reasonable route from another school, or, if road conditions and terrain make
10 the driving slow or hazardous, fifteen miles from another school which
11 teaches one or more of the same grades and is operated by another school
12 district in this state.

13 (c) Is designated as a small isolated school district by the
14 superintendent of public instruction.

15 26. "Small school district" means a school district which meets all of
16 the following:

17 (a) Has a student count of fewer than six hundred in kindergarten
18 programs and grades one through eight or grades nine through twelve.

19 (b) Contains at least one school which is fewer than thirty miles by
20 the most reasonable route from another school which teaches one or more of
21 the same grades and is operated by another school district in this state.

22 (c) Is designated as a small school district by the superintendent of
23 public instruction.

24 27. "Transportation revenue control limit" means the transportation
25 revenue control limit computed as prescribed in section 15-946.

26 28. "Transportation support level" means the support level for pupil
27 transportation operating expenses as provided in section 15-945.

28 29. "VI" means programs for pupils with visual impairments.

29 30. "Voc. Ed." means career and technical education and vocational
30 education programs, as defined in section 15-781.

31 Sec. 8. Section 15-903, Arizona Revised Statutes, is amended to read:

32 15-903. Budget format; prohibited expenditures

33 A. The superintendent of public instruction in conjunction with the
34 auditor general shall prepare and prescribe a budget format to be utilized by
35 all school districts.

36 B. The budget format shall be designed to allow all school districts
37 to plan and provide in detail for the use of available funds. The budget
38 format shall contain distinct sections for, but need not be limited to,
39 maintenance and operation, debt service, special projects, capital outlay,
40 adjacent ways and classroom site fund. The maintenance and operation section
41 shall include, but need not be limited to, separate subsections for regular
42 education programs, special education programs and operational expenditures
43 for pupil transportation. Each subsection shall clearly distinguish
44 classroom instruction expenditures. The special education program subsection
45 shall include, but is not limited to, programs for each disability
46 classification as defined in section 15-761 and programs for gifted,
47 vocational and technological education, remedial education and bilingual
48 students. The total expenditures for each of these programs shall be

1 included on the budget form. The pupil transportation subsection shall
2 include all operational expenditures relating to the transportation of
3 pupils, including all operational expenditures within a contract if the
4 school district contracts for pupil transportation.

5 C. The capital outlay section of the budget shall include separate
6 subsections for unrestricted capital outlay and soft capital allocation. The
7 soft capital allocation subsection shall include budgeted expenditures as
8 prescribed in section 15-962. The unrestricted capital outlay subsection
9 shall include budgeted expenditures for acquisitions by purchase,
10 lease-purchase or lease of capital items as defined in the uniform system of
11 financial records. These sections and subsections shall include:

12 1. Land, buildings and improvements to land and buildings, including
13 labor and related employee benefits costs and material costs if work is
14 performed by school district employees.

15 2. Furniture, furnishings, athletic equipment and other equipment,
16 including computer software.

17 3. Pupil and nonpupil transportation vehicles and equipment, including
18 all capital expenditures within a contract if the school district contracts
19 for pupil transportation.

20 4. Textbooks and related printed subject matter materials adopted by
21 the governing board.

22 5. Instructional aids.

23 6. Library books.

24 7. Payment of principal and interest on bonds.

25 8. School district administration emergency needs that are directly
26 related to pupils.

27 D. The budget format shall contain distinct subsections for the
28 following:

29 ~~1. Special programs to improve academic achievement of pupils in~~
30 ~~kindergarten programs and grades one through three as provided in section~~
31 ~~15-482.~~

32 ~~2.~~ 1. School plant funds.

33 ~~3.~~ 2. Capital outlay budget increases as provided in section 15-481.

34 ~~4.~~ 3. Property taxation including the following:

35 (a) The primary tax rates for the school district for the current year
36 and the budget year.

37 (b) The secondary tax rates for maintenance and operation, K-3 and
38 capital overrides for the school district for the current year and the budget
39 year.

40 (c) The secondary tax rates for class A bonds for the school district
41 for the current year and the budget year.

42 (d) The secondary tax rates for class B bonds for the school district
43 for the current year and the budget year.

44 ~~5.~~ 4. A description of any corrections or adjustments made to the
45 budget pursuant to section 15-915.

46 E. The budget format shall also contain:

47 1. A statement identifying proposed pupil-teacher ratios and
48 pupil-staff ratios relating to the provision of special education services

1 for the budget year.

2 2. A statement identifying the number of full-time equivalent
3 certified employees.

4 ~~3. If a governing board uses section 15-942 relating to the adjustment~~
5 ~~for rapid decline in student count, a statement identifying the actual per~~
6 ~~cent decline in student count and a statement identifying the additional~~
7 ~~allowable expenditures attributable to using the rapid decline provisions as~~
8 ~~provided in section 15-942.~~

9 F. The special projects section shall include budgeted expenditures
10 for state special projects, including special adult projects, career
11 education, deficiencies correction fund projects, building renewal fund
12 projects and new school facilities fund projects, such federal special
13 projects as ESEA title programs, vocational education and title IV Indian
14 education, and other special projects.

15 G. A school district shall not make expenditures for campaign
16 literature associated with school district or charter school officials. If
17 the superintendent of public instruction determines that a school district
18 has violated this subsection, the superintendent of public instruction may
19 withhold any portion of the school district's apportionment of state aid.

20 H. The budget format shall include an electronic format that shall be
21 submitted for each proposed, adopted and revised budget.

22 Sec. 9. Section 15-913, Arizona Revised Statutes, is amended to read:

23 15-913. Education program; juvenile detention centers

24 A. Each county that operates a juvenile detention center shall offer
25 an education program to serve all school-age children in its juvenile
26 detention center. The county school superintendent and the presiding
27 juvenile court judge in each county shall agree on the method of delivery of
28 the juvenile detention center education program.

29 B. The state board of education shall prescribe standards and
30 achievement testing requirements for county juvenile detention center
31 education programs that shall attempt to ensure that the programs are
32 compatible with public school education goals and requirements. The county
33 school superintendent shall attempt to coordinate the program with each
34 pupil's school district of residence to assist the pupil's transition back to
35 the school district at the appropriate time.

36 C. A county may operate its juvenile detention center education
37 program through an existing accommodation school.

38 D. If a county chooses not to operate its juvenile detention center
39 education program through an existing accommodation school, the county school
40 superintendent may establish a detention center education fund to provide
41 financial support to the program. The detention center education fund for
42 each program shall consist of a base amount plus a variable amount. For
43 fiscal year 1994-1995 the base amount is twenty thousand dollars and the
44 variable amount shall be determined pursuant to subsection E of this section.
45 Beginning with fiscal year 1995-1996 the base amount is the amount for the
46 prior year adjusted by the growth rate prescribed by law, subject to
47 appropriation. The base amount and variable amount for each county or
48 counties served shall be funded with state general fund monies, subject to

1 appropriation. The county school superintendent must submit claims for
2 payments to the state superintendent of public instruction. The county
3 school superintendent shall deposit the payments into the detention center
4 education fund.

5 E. The variable amount shall be determined as follows:

6 1. Determine the number of days in the prior fiscal year that each
7 child who had been in the detention center for more than forty-eight hours
8 received an instructional program of at least two hundred forty minutes. No
9 school district may count a child as being in attendance in that school
10 district on a day that the child is counted for the purposes of this
11 paragraph.

12 2. Multiply the number of days determined under paragraph 1 of this
13 subsection by the following amount:

14 (a) For fiscal year 1994-1995, fifteen dollars.

15 (b) For fiscal year 1995-1996 and thereafter, the amount for the prior
16 year adjusted by the growth rate prescribed by law, subject to appropriation.

17 3. For each child with a disability as defined in section 15-761 who
18 had been in the detention center for more than forty-eight hours:

19 (a) Determine the amount prescribed in section 15-1204, subsection E,
20 paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

21 (b) Divide the sum determined under subdivision (a) of this paragraph
22 by one hundred seventy-five.

23 (c) Subtract the amount prescribed in paragraph 2, subdivision (a) or
24 (b) of this subsection from the quotient determined in subdivision (b) of
25 this paragraph.

26 (d) Determine the number of days in the prior fiscal year that the
27 child received an instructional program of at least two hundred forty
28 minutes.

29 (e) Multiply the amount determined in subdivision (d) of this
30 paragraph by the difference determined in subdivision (c) of this paragraph.

31 4. Add the amounts determined in paragraph 3 of this subsection for
32 all children with disabilities.

33 5. Add the sum determined in paragraph 4 of this subsection to the
34 product determined in paragraph 2 of this subsection. This sum is the
35 variable amount.

36 F. If a county detention center education program serves more than one
37 county, the county school superintendents and the presiding juvenile court
38 judges of the counties being served shall agree on a county of jurisdiction.
39 The county school superintendent shall deposit into the detention center
40 education fund of the county of jurisdiction monies that are received from
41 the superintendent of public instruction pursuant to this section for all
42 counties served by the county of jurisdiction.

43 G. If a county operated a juvenile detention center education program
44 through an accommodation school in the year before it begins to operate its
45 juvenile detention center education program as provided in subsection D of
46 this section, for the first year of operation as provided in subsection D of
47 this section, the student count of the accommodation school shall be reduced
48 by the student count attributable to the detention center program. ~~The~~

~~provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 10. Section 15-913.01, Arizona Revised Statutes, is amended to read:

15-913.01. Education program; county jails

A. Each county that operates a county jail shall offer an education program to serve all prisoners who are under eighteen years of age and prisoners with disabilities who are age twenty-one or younger and who are confined in the county jail. The county school superintendent and the sheriff in each county shall agree on the method of delivery of the education program.

B. The county school superintendent shall develop policies and procedures for the transfer of educational records of any prisoner confined in a county jail who has been transferred from a juvenile detention center or from any other public agency which has provided educational services to that prisoner.

C. A county may operate its county jail education program through an accommodation school that provides alternative education services pursuant to section 15-308, except that each pupil enrolled in the accommodation school county jail education program shall be funded at an amount equal to seventy-two per cent of the amount for that pupil if that pupil were enrolled in another accommodation school program.

D. If a county chooses not to operate its county jail education program through an accommodation school, the county school superintendent may establish a county jail education fund to provide financial support to the program. The county jail education fund for each program shall consist of a base amount plus a variable amount. For fiscal year 1999-2000 the base amount is fourteen thousand four hundred dollars and the variable amount shall be determined pursuant to subsection E of this section. The base amount and variable amount for each county or counties served shall be funded with state general fund monies, subject to appropriation. The county school superintendent must submit claims for payments to the state superintendent of public instruction. The county school superintendent shall deposit the payments into the county jail education fund.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each pupil who is a prisoner and had been in the county jail for more than forty-eight hours received an instructional program of at least two hundred forty minutes. No school district may count a pupil as being in attendance in that school district on a day that the pupil is counted as a prisoner for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year 1999-2000, ten dollars eighty cents.

(b) For fiscal year 2000-2001 and each year thereafter, the amount for the prior year adjusted by any growth rate prescribed by law, subject to legislative appropriation.

3. For each pupil who is a child with a disability as defined in

1 section 15-761, who is a prisoner and who had been in the county jail for
2 more than forty-eight hours:

3 (a) Determine the amount prescribed in section 15-1204, subsection E,
4 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
5 capital outlay costs.

6 (b) Divide the sum determined under subdivision (a) of this paragraph
7 by one hundred seventy-five.

8 (c) Subtract the amount prescribed in paragraph 2 of this subsection
9 from the quotient determined in subdivision (b) of this paragraph.

10 (d) Determine the number of days in the prior fiscal year that the
11 pupil received an instructional program of at least two hundred forty
12 minutes.

13 (e) Multiply the amount determined in subdivision (d) of this
14 paragraph by the difference determined in subdivision (c) of this paragraph.

15 4. Add the amounts determined in paragraph 3 of this subsection for
16 all pupils with disabilities who are prisoners.

17 5. Add the sum determined in paragraph 4 of this subsection to the
18 product determined in paragraph 2 of this subsection. This sum is the
19 variable amount.

20 F. If a county jail education program serves more than one county, the
21 county school superintendents and the sheriffs of the counties being served
22 shall agree on a county of jurisdiction. The county school superintendent
23 shall deposit into the county jail education fund of the county of
24 jurisdiction monies that are received from the superintendent of public
25 instruction pursuant to this section for all counties served by the county of
26 jurisdiction.

27 G. If a county operated a county jail education program through an
28 accommodation school in the year before it begins to operate its county jail
29 education program as provided in subsection D of this section, for the first
30 year of operation as provided in subsection D of this section, the student
31 count of the accommodation school shall be reduced by the average daily
32 membership attributable to the accommodation school's county jail program in
33 its last fiscal year of operation. ~~The provisions of section 15-942 shall~~
34 ~~not apply to this reduction in student count.~~

35 Sec. 11. Repeal

36 Section 15-942, Arizona Revised Statutes, is repealed.

37 Sec. 12. Section 15-943.01, Arizona Revised Statutes, is amended to
38 read:

39 15-943.01. Maintenance and operation budget balance; definition

40 A. The governing board of a school district may budget any budget
41 balance in the maintenance and operation section of the budget, as provided
42 in section 15-903, from the current fiscal year for use in the maintenance
43 and operation section of the budget in the budget year. The amount which may
44 be budgeted as the budget balance carryforward in any one fiscal year shall
45 not exceed four per cent of the school district's revenue control limit, as
46 provided in section 15-947, subsection A, for the current year and shall not
47 include any budget balance attributable to any reduction in the district's
48 general budget limit including reductions for items which are exempt from the

1 revenue control limit and for which expenditures are limited to a designated
2 purpose such as excess insurance costs or excess utility costs or for the
3 bond issues portion of the cost of tuition. ~~A school district may include in~~
4 ~~the budget balance carryforward in any fiscal year up to fifty per cent of~~
5 ~~the unspent proceeds of an override election conducted pursuant to section~~
6 ~~15-482.~~ The amount budgeted as the budget balance carryforward is
7 specifically exempt from the revenue control limit.

8 B. If the actual amount of the allowable budget balance carryforward
9 is less than the amount budgeted for the budget balance carryforward, the
10 governing board shall adjust the general budget limit and expenditures before
11 May 15 based on the actual allowable budget balance carryforward. If the
12 actual amount of the allowable budget balance carryforward is more than the
13 amount budgeted for the budget balance carryforward, the governing board may
14 adjust its budget before May 15 based on the actual amount of the allowable
15 fund balance carryforward. Not later than May 18, the budget as revised
16 shall be submitted electronically to the superintendent of public
17 instruction.

18 C. If the governing board is eligible to budget for a budget balance
19 carryforward as provided in subsection A of this section, the governing board
20 may transfer an amount from the district's ending cash balance of the
21 maintenance and operations fund to the school opening fund. The maximum
22 amount that may be transferred is the lesser of the district's ending cash
23 balance in the maintenance and operations fund or the amount the district is
24 eligible to budget as a budget balance carryforward. The school opening fund
25 is a cash controlled fund as provided in section 15-905, subsection N, and
26 may only be expended for the additional maintenance and operations expenses
27 incurred in the first year of operation of a new school within the school
28 district. The monies in the school opening fund are not subject to
29 reversion, except that at the end of five years of no activity in the fund,
30 any remaining monies shall be reverted to the maintenance and operations
31 fund. Any monies so reverted may be considered additional budget balance for
32 that fiscal year.

33 D. If a governing board transfers monies as provided in subsection C
34 of this section, the amount so transferred in a fiscal year shall be
35 subtracted from the amount the district would otherwise be eligible to budget
36 for that fiscal year as provided in subsection A of this section. The
37 difference, if any, is the maximum amount that may be budgeted for that
38 fiscal year as a budget balance carryforward.

39 E. For the purposes of this section, "budget balance" means the
40 difference between actual and budgeted expenditures.

41 Sec. 13. Section 15-945, Arizona Revised Statutes, is amended to read:
42 15-945. Transportation support level

43 A. The support level for to and from school for each school district
44 for the current year shall be computed as follows:

45 1. Determine the approved daily route mileage of the school district
46 for the fiscal year prior to the current year.

47 2. Multiply the figure obtained in paragraph 1 of this subsection by
48 one hundred eighty.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route	State Support Level per
Mileage per Eligible	Route Mile for
<u>Student Transported</u>	<u>Fiscal Year</u> 2007-2008 2008-2009
0.5 or less	\$2.23 \$2.27
More than 0.5 through 1.0	\$1.81 \$1.85
More than 1.0	\$2.23 \$2.27

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route			
Mileage per Eligible	District Type	District Type	District Type
<u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year services for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

(a) The total number of miles driven by all buses of a school district

1 while transporting eligible pupils with disabilities on scheduled routes from
2 their residence to the school of attendance and from the school of attendance
3 to their residence on routes for extended school year services in accordance
4 with section 15-881.

5 (b) The total number of miles driven on routes approved by the
6 superintendent of public instruction for which a private party, a political
7 subdivision or a common or a contract carrier is reimbursed for bringing an
8 eligible pupil with a disability from the place of the pupil's residence to a
9 school transportation pickup point or to the school facility of attendance
10 and from the school transportation scheduled return point or from the school
11 facility to the pupil's residence for extended school year services in
12 accordance with section 15-881.

13 2. Multiply the sum determined in paragraph 1 of this subsection by
14 the state support level for the district determined as provided in subsection
15 A, paragraph 5 of this section.

16 D. The transportation support level for each school district for the
17 current year is the sum of the support level for to and from school as
18 determined in subsection A of this section, the support level for academic
19 education, career and technical education, vocational education and athletic
20 trips as determined in subsection B of this section and the support level for
21 extended school year services for pupils with disabilities as determined in
22 subsection C of this section.

23 E. The state support level for each approved route mile, as provided
24 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
25 rate prescribed by law, subject to appropriation.

26 Sec. 14. Section 15-951, Arizona Revised Statutes, is amended to read:

27 15-951. Revenue control limit, capital outlay revenue limit,
28 soft capital allocation, district support level and
29 student count for a common school district not
30 within a high school district

31 A. Notwithstanding section 15-947, the revenue control limit for a
32 common school district not within a high school district is the sum of the
33 following:

34 1. The base revenue control limit computed as prescribed in section
35 15-944 but excluding pupils admitted to another school district as provided
36 in section 15-824, subsection A, paragraph 2.

37 2. The tuition payable for high school pupils who attend school in
38 another school district as provided in section 15-824, subsection A,
39 paragraph 2, including any transportation charge, except as provided in
40 subsection H of this section.

41 3. The transportation revenue control limit for all pupils who reside
42 in the district except those high school pupils transported by another
43 district.

44 B. Notwithstanding subsection A of this section, for the purposes of
45 sections 15-481, ~~15-482~~ and 15-1102, the revenue control limit for a common
46 school district not within a high school district is the sum of the
47 following:

48 1. The base revenue control limit for pupils computed as prescribed in

1 section 15-944 but excluding pupils admitted to another school district as
2 provided in section 15-824, subsection A, paragraph 2.

3 2. The transportation revenue control limit for all pupils who reside
4 in the district except those high school pupils transported by another
5 district.

6 C. Notwithstanding section 15-961, the capital outlay revenue limit
7 for a common school district not within a high school district is the capital
8 outlay revenue limit computed as prescribed in section 15-961 but excluding
9 pupils who are admitted to another school district as provided in section
10 15-824, subsection A, paragraph 2.

11 D. Notwithstanding section 15-962, the soft capital allocation for a
12 common school district not within a high school district is the soft capital
13 allocation computed as prescribed in section 15-962 but excluding pupils who
14 are both admitted to another school district as provided in section 15-824,
15 subsection A, paragraph 2 and not transported by the common school district.

16 E. Notwithstanding section 15-947, the district support level for a
17 common school district not within a high school district is the sum of the
18 following:

19 1. The base support level computed as prescribed in section 15-943 but
20 excluding pupils who are admitted to another school district as provided in
21 section 15-824, subsection A, paragraph 2.

22 2. The tuition payable for high school pupils who are admitted to
23 another school district as provided in section 15-824, subsection A,
24 paragraph 2, including any transportation charge, except as provided in
25 subsection H of this section.

26 3. The transportation support level for all pupils who reside in the
27 school district except those high school pupils transported by another school
28 district.

29 ~~F. For the purpose of determining eligibility to adjust the student~~
30 ~~count as provided in section 15-942, the student count for a common school~~
31 ~~district not within a high school district is the student count for pupils in~~
32 ~~the school district less the student count for pupils enrolled in another~~
33 ~~school district as provided in section 15-824, subsection A, paragraph 2.~~

34 ~~G.~~ F. For the purpose of determining eligibility to increase the
35 revenue control limit and district support level or recompute the revenue
36 control limit as provided in section 15-948, the student count for a common
37 school district not within a high school district is the student count for
38 pupils in kindergarten programs and grades one through twelve, including
39 pupils enrolled in another school district as provided in section 15-824,
40 subsection A, paragraph 2.

41 ~~H.~~ G. The tuition amount in subsections A and E of this section shall
42 not include amounts per student count for bond issues as prescribed by
43 section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the
44 following:

45 1. One hundred fifty dollars if the pupil's school district of
46 residence pays tuition for seven hundred fifty or fewer pupils to other
47 school districts.

48 2. Two hundred dollars if the pupil's school district of residence

1 pays tuition for one thousand or fewer, but more than seven hundred fifty
2 pupils to other school districts.

3 3. The actual cost per student count if the pupil's school district of
4 residence pays tuition for more than one thousand pupils to other school
5 districts.

6 Sec. 15. Section 15-1102, Arizona Revised Statutes, is amended to
7 read:

8 15-1102. Disposition of proceeds from sale or lease of school
9 property; school plant monies; payment of bonded
10 indebtedness; definition

11 A. The governing board, or the superintendent or chief administrative
12 officer with the approval of the governing board, may expend the proceeds
13 from the sale or lease of school property for the payment of any outstanding
14 bonded indebtedness of the school district or for the reduction of school
15 district taxes.

16 B. A common school district or high school district which has an
17 outstanding bonded indebtedness of seven per cent of the current year's
18 assessed valuation or less or a unified school district which has an
19 outstanding bonded indebtedness of fourteen per cent of the current year's
20 assessed valuation or less may expend the proceeds from the sale or lease of
21 school property for maintenance and operation or capital outlay, subject to
22 the following limitations:

23 1. During the period that proceeds from the sale or lease of school
24 property are used for capital outlay, the school district shall not call an
25 override election to exceed the capital outlay revenue limit, except that
26 during the last year of that period the school district may authorize an
27 override election to exceed the capital outlay revenue limit beginning with
28 the following year.

29 2. The total sum of the proceeds from the sale of school property
30 before July 1, 1998 or the lease of school property for more than one year
31 expended for maintenance and operation shall not exceed fifteen per cent of
32 the revenue control limit as provided in section 15-947, subsection A in any
33 year of which ten per cent may be used without voter approval and an
34 additional five per cent may be used if the additional amount is approved by
35 a majority of the qualified electors voting in an election called for such
36 purposes. The election shall be conducted and notice and ballots shall be
37 prepared as provided in section 15-481. Proceeds from the sale of school
38 property from and after June 30, 1998 shall not be expended for maintenance
39 and operation.

40 3. In any fiscal year in which a district utilizes budget increases as
41 authorized in section 15-481, subsection E or F ~~or section 15-482~~ or utilizes
42 the proceeds from the sale of school property before July 1, 1998 or the
43 lease of school property for more than one year for maintenance and operation
44 or any combination of these provisions, the total amount of these increases
45 which may be expended is equal to fifteen per cent of the revenue control
46 limit for that year as provided in section 15-947, subsection A, provided
47 that the following maximum amount is attributable to the use of any one
48 provision:

1 (a) Fifteen per cent of the revenue control limit when using the
2 proceeds from the sale before July 1, 1998 or lease of school property for
3 maintenance and operation as provided in this section.

4 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
5 budget increase as provided in section 15-481, subsection E or F, or both.

6 ~~(c) Five per cent of the revenue control limit when using a budget~~
7 ~~increase as provided in section 15-482.~~

8 C. A common school district or high school district which has an
9 outstanding bonded indebtedness of greater than seven per cent of the current
10 year's assessed valuation or a unified school district which has an
11 outstanding bonded indebtedness of greater than fourteen per cent of the
12 current year's assessed valuation may expend the proceeds from the lease or
13 sale of school property as follows:

14 1. For maintenance and operation the expenditure may not exceed the
15 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
16 amount of the proceeds from the lease of school property multiplied by .25.

17 2. For capital outlay, the expenditure of the proceeds:

18 (a) From the sale of school property may not exceed the amount of the
19 proceeds multiplied by .62.

20 (b) From the lease of school property is not limited.

21 D. The governing board, or the superintendent or chief administrative
22 officer with the approval of the governing board, shall promptly deposit
23 monies received for and derived from the sale or lease of school property
24 with the county treasurer who shall establish three school plant funds, one
25 fund for monies received from the sale before July 1, 1998 or lease of school
26 property for more than one year, one fund for monies received from the sale
27 of school property from and after June 30, 1998 and one fund for monies
28 received from the lease of school property for one year or less. The county
29 treasurer shall credit the deposits to the respective school plant fund of
30 the respective school district. Monies placed to the credit of the school
31 plant funds may be expended as provided in this section. The school plant
32 funds are continuing funds not subject to reversion.

33 E. Notwithstanding subsection C of this section, the governing board,
34 or the superintendent or chief administrative officer with the approval of
35 the governing board, may expend the proceeds from the sale before July 1,
36 1998 or lease of school property for the additional maintenance and
37 operations expenses incurred as the result of operating on a year-round
38 school year operation basis pursuant to section 15-855. The amount that the
39 governing board, superintendent or chief administrative officer may expend
40 for a year-round school year operation, as provided in this subsection, is
41 limited to the actual maintenance and operations costs incurred as the result
42 of the year-round school year operation as documented in the school
43 district's budget as provided in section 15-855. A governing board,
44 superintendent or chief administrative officer that utilizes the provisions
45 of this subsection is subject to all other limitations prescribed in this
46 section regarding the expenditure of proceeds from the sale before July 1,
47 1998 or lease of school property.

48 F. Notwithstanding subsections B and D of this section, if the school

1 district electors approve the sale of school property and the use of the
2 proceeds for the purchase of school sites or the construction, improvement or
3 furnishing of school facilities, the proceeds from the sale shall be put in a
4 separate fund for use for the approved purpose as prescribed by the uniform
5 system of financial records. This fund is a continuing fund not subject to
6 reversion, except that after ten years any unexpended monies shall be put in
7 the school plant fund for use as prescribed in this section.

8 G. Proceeds from sales by condemnation or sales under threat of
9 condemnation may be deposited with the county treasurer for deposit in the
10 condemnation fund or the school plant fund of the school district. The
11 condemnation fund is a continuing fund not subject to reversion, except that
12 after ten years any unspent monies shall be placed in the school plant fund
13 to be used as prescribed in this section. The governing board, or the
14 superintendent or chief administrative officer with the approval of the
15 governing board, may apply the proceeds in the condemnation fund to:

16 1. The payment of any outstanding bonded indebtedness of the school
17 district which is payable from the levy of taxes upon property within the
18 school district.

19 2. Construct, acquire, improve, repair or furnish school facilities or
20 sites after notice and a hearing.

21 H. Proceeds from a right-of-way settlement shall be deposited with the
22 county treasurer for deposit in the condemnation fund of the school district.
23 The governing board, or the superintendent or chief administrative officer
24 with the approval of the governing board, shall apply such proceeds in the
25 condemnation fund to construct, acquire, improve, repair or furnish school
26 facilities or sites after notice and a hearing.

27 I. For THE purposes of this section, "capital outlay" means
28 unrestricted capital outlay as prescribed in section 15-903, subsection C.

29 Sec. 16. Section 15-1371, Arizona Revised Statutes, is amended to
30 read:

31 15-1371. Equalization assistance for state educational system
32 for committed youth: state education fund for
33 committed youth

34 A. The superintendent of the state educational system for committed
35 youth shall calculate a base support level as prescribed in section 15-943
36 and a capital outlay revenue limit as prescribed in section 15-961 for the
37 educational system established pursuant to section 41-2831, except that:

38 1. Notwithstanding section 15-901:

39 (a) The student count shall be determined using the following
40 definitions:

41 (i) "Daily attendance" means days in which a pupil attends an
42 educational program for a minimum of two hundred forty minutes not including
43 meal and recess periods. Attendance for one hundred twenty or more minutes
44 but fewer than two hundred forty minutes shall be counted as one-half day's
45 attendance.

46 (ii) "Fractional student" means a pupil enrolled in an educational
47 program of one hundred twenty or more minutes but fewer than two hundred
48 forty minutes a day not including meal and recess periods. A fractional

1 student shall be counted as one-half of a full-time student.

2 (iii) "Full-time student" means a pupil enrolled in an educational
3 program for a minimum of two hundred forty minutes a day not including meal
4 and recess periods.

5 (b) "Seriously emotionally disabled pupils enrolled in a school
6 district program as provided in section 15-765" includes seriously
7 emotionally disabled pupils enrolled in the department of juvenile
8 corrections school system.

9 2. All pupils shall be counted as if they were enrolled in grades nine
10 through twelve.

11 3. The teacher experience index is 1.00.

12 4. The base support level shall be calculated using the base level
13 multiplied by 1.0, except that the state educational system for committed
14 youth is also eligible beginning with fiscal year 1992-1993 for additional
15 teacher compensation monies as specified in section 15-952.

16 5. Section 15-943, paragraph 1 does not apply.

17 B. The superintendent may use sections 15-855, ~~15-942~~ and 15-948 in
18 making the calculations prescribed in subsection A of this section, except
19 that for the 1992-1993 fiscal year rapid decline shall not be used. The
20 superintendent of the system and the department of education shall prescribe
21 procedures for determining average daily attendance and average daily
22 membership.

23 C. Equalization assistance for the state educational system for
24 committed youth for the budget year is determined by adding the amount of the
25 base support level and the capital outlay revenue limit for the budget year
26 calculated as prescribed in subsection A of this section.

27 D. The state educational system for committed youth shall not receive
28 twenty-five per cent of the equalization assistance unless it is accredited
29 by the north central association of colleges and secondary schools.

30 E. The state education fund for committed youth is established. Fund
31 monies shall be used for the purposes of the state educational system for
32 committed youth, and notwithstanding section 35-173, monies appropriated to
33 the fund shall not be transferred to or used for any program not within the
34 state educational system for committed youth. State equalization assistance
35 for the state educational system for committed youth as determined in
36 subsection A of this section, other state and federal monies received from
37 the department of education for the state educational system for committed
38 youth and monies appropriated for the state educational system for committed
39 youth, except monies appropriated pursuant to subsection F of this section,
40 shall be deposited in the fund. The state treasurer shall maintain separate
41 accounts for fund monies if the separate accounts are required by statute or
42 federal law.

43 F. The department of juvenile corrections may seek appropriations for
44 capital needs for land, buildings and improvements, including repairs and
45 maintenance, required to maintain the state educational system for committed
46 youth.

47 G. The state board of education shall apportion state aid and deposit
48 it, pursuant to sections 35-146 and 35-147, in the state education fund for

1 committed youth in an amount as determined by subsection A of this section.
2 The apportionments shall be as follows:

3 1. On July 1, one-third of the total amount to be apportioned during
4 the fiscal year.

5 2. On October 15, one-twelfth of the total amount to be apportioned
6 during the fiscal year.

7 3. On December 15, one-twelfth of the total amount to be apportioned
8 during the fiscal year.

9 4. On January 15, one-twelfth of the total amount to be apportioned
10 during the fiscal year.

11 5. On February 15, one-twelfth of the total amount to be apportioned
12 during the fiscal year.

13 6. On March 15, one-twelfth of the total amount to be apportioned
14 during the fiscal year.

15 7. On April 15, one-twelfth of the total amount to be apportioned
16 during the fiscal year.

17 8. On May 15, one-twelfth of the total amount to be apportioned during
18 the fiscal year.

19 9. On June 15, one-twelfth of the total amount to be apportioned
20 during the fiscal year.

21 H. In conjunction with the department of administration, the
22 superintendent of the state educational system for committed youth shall
23 establish procedures to account for the receipt and expenditure of state
24 education fund for committed youth monies by modifying the current accounting
25 system used for state agencies as necessary.

26 Sec. 17. Section 15-1372, Arizona Revised Statutes, is amended to
27 read:

28 15-1372. Equalization assistance for state educational system
29 for persons in the state department of corrections;
30 fund

31 A. The state department of corrections shall provide educational
32 services for pupils who are under the age of eighteen years and pupils with
33 disabilities who are age twenty-one or younger who are committed to the state
34 department of corrections. The department of education shall provide
35 technical assistance to the state department of corrections on request and
36 shall assist the state department of corrections in establishing program and
37 personnel standards.

38 B. The state education fund for correctional education is established.
39 Subject to legislative appropriation, fund monies shall be used for the
40 purposes of providing education to pupils as specified in subsection A of
41 this section. Notwithstanding section 35-173, monies appropriated to the
42 fund shall not be transferred to or used for any program not directly related
43 to the educational services required by this section. State equalization
44 assistance, other state and federal monies received from the department of
45 education for which the pupils in correctional education programs qualify and
46 monies appropriated for correctional education except monies appropriated
47 pursuant to subsection C of this section shall be deposited in the fund. The
48 state treasurer shall maintain separate accounts for fund monies if the

1 separate accounts are required by statute or federal law.

2 C. The state department of corrections may seek appropriations for
3 capital needs for land, buildings and improvements, including repairs and
4 maintenance, required to maintain the educational services required by this
5 section.

6 D. The state board of education shall apportion state aid and deposit
7 it, pursuant to sections 35-146 and 35-147, in the state education fund for
8 correctional education in an amount as determined by subsection E of this
9 section. The apportionments are as follows:

10 1. On July 1, one-third of the total amount to be apportioned during
11 the fiscal year.

12 2. On October 15, one-twelfth of the total amount to be apportioned
13 during the fiscal year.

14 3. On December 15, one-twelfth of the total amount to be apportioned
15 during the fiscal year.

16 4. On January 15, one-twelfth of the total amount to be apportioned
17 during the fiscal year.

18 5. On February 15, one-twelfth of the total amount to be apportioned
19 during the fiscal year.

20 6. On March 15, one-twelfth of the total amount to be apportioned
21 during the fiscal year.

22 7. On April 15, one-twelfth of the total amount to be apportioned
23 during the fiscal year.

24 8. On May 15, one-twelfth of the total amount to be apportioned during
25 the fiscal year.

26 9. On June 15, one-twelfth of the total amount to be apportioned
27 during the fiscal year.

28 E. The director of the state department of corrections shall calculate
29 a base support level as prescribed in section 15-943 and a capital outlay
30 revenue limit as prescribed in section 15-961 for the educational services
31 required by this section, except that:

32 1. Notwithstanding section 15-901, the student count shall be
33 determined using the following definitions:

34 (a) "Daily attendance" means days in which a pupil attends an
35 educational program for a minimum of one hundred eighty minutes not including
36 meal and recess periods. Attendance for ninety or more minutes but fewer
37 than one hundred eighty minutes shall be counted as one-half day's
38 attendance.

39 (b) "Fractional student" means a pupil enrolled in an educational
40 program of ninety or more minutes but fewer than one hundred eighty minutes
41 per day not including meal and recess periods. A fractional student shall be
42 counted as one-half of a full-time student.

43 (c) "Full-time student" means a pupil enrolled in an educational
44 program for a minimum of one hundred eighty minutes per day not including
45 meal and recess periods.

46 (d) "Pupil with a disability" has the same meaning as child with a
47 disability prescribed in section 15-761.

48 2. All pupils shall be counted as if they were enrolled in grades nine

1 through twelve.

2 3. The teacher experience index is 1.00.

3 4. The calculation for additional teacher compensation monies as
4 prescribed in section 15-952 is available.

5 5. Section 15-943, paragraph 1 does not apply.

6 6. The base support level and capital outlay amounts calculated
7 pursuant to this section shall be multiplied by 0.67.

8 7. The school year shall consist of a period of not less than two
9 hundred eight days.

10 F. The director of the state department of corrections may use
11 sections 15-855, ~~15-942~~ and 15-948 in making the calculations prescribed in
12 subsection E of this section. The director of the state department of
13 corrections and the department of education shall prescribe procedures for
14 calculating average daily attendance and average daily membership.

15 G. Equalization assistance for correctional education programs
16 provided for those pupils specified in subsection A of this section is
17 determined by adding the amount of the base support level and the capital
18 outlay revenue limit for the budget year calculated as prescribed in
19 subsection E of this section.

20 H. The director of the state department of corrections shall keep
21 records and provide information as the department of education requires to
22 determine the appropriate amount of equalization assistance. Equalization
23 assistance shall be used to provide educational services in this section.

24 I. The department of education and the state department of corrections
25 shall enter into an intergovernmental agreement that establishes the
26 necessary accountability between the two departments regarding the
27 administrative and funding requirements contained in subsections A and B of
28 this section. The agreement shall:

29 1. Provide for appropriate education to all committed youths as
30 required by state and federal law.

31 2. Provide financial information to meet requirements for equalization
32 assistance.

33 3. Provide for appropriate pupil intake and assessment procedures.

34 4. Require pupil performance assessment and the reporting of results.

35 Sec. 18. Section 15-2031, Arizona Revised Statutes, is amended to
36 read:

37 15-2031. Building renewal fund; definitions

38 A. A building renewal fund is established consisting of monies
39 appropriated by the legislature. The school facilities board shall
40 administer the fund and distribute monies to school districts for the purpose
41 of maintaining the adequacy of existing school facilities. Monies in the
42 fund ~~are continuously appropriated and~~ are exempt from the provisions of
43 section 35-190 relating to lapsing of appropriations.

44 B. The school facilities board shall inventory and inspect all school
45 buildings in this state in order to develop a database to administer the
46 building renewal formula. The database shall include the student capacity of
47 the building as determined by the school facilities board. The board shall
48 distribute monies from the building renewal fund to school districts in an

1 amount computed pursuant to subsection I of this section **BASED ON THE AMOUNT**
2 **APPROPRIATED AND MAY BE APPORTIONED**. A school district that receives monies
3 from the building renewal fund shall use the monies first for any projects
4 that fall below the minimum school facility adequacy guidelines, as adopted
5 by the school facilities board pursuant to section 15-2011, and that are part
6 of any buildings in the database and second for any other projects that are
7 part of any buildings owned by the school district for any of the following:

- 8 1. Major renovations and repairs of a building.
- 9 2. Upgrading systems and areas that will maintain or extend the useful
10 life of the building.
- 11 3. Infrastructure costs.
- 12 4. Relocation and placement of portable and modular buildings.
- 13 C. Monies received from the building renewal fund shall be used for
14 primary projects, unless only secondary projects exist.

15 D. Notwithstanding subsections B and C of this section, school
16 districts shall use building renewal monies on secondary projects to comply
17 with building, health, fire or safety codes. Before spending building
18 renewal monies on secondary projects to comply with building, health, fire or
19 safety codes, the school facilities board shall approve the projects.

20 E. Monies received from the building renewal fund shall not be used
21 for any of the following purposes:

- 22 1. New construction.
- 23 2. Remodeling interior space for aesthetic or preferential reasons.
- 24 3. Exterior beautification.
- 25 4. Demolition.
- 26 5. The purchase of soft capital items pursuant to section 15-962,
27 subsection D.
- 28 6. Routine maintenance except as provided in section 15-2002,
29 subsection K and subsection L of this section.

30 F. The school facilities board shall maintain the building renewal
31 database and use the database for the computation of the building renewal
32 formula distributions. The board shall ensure that the database is updated
33 on at least an annual basis to reflect changes in the ages and value of
34 school buildings. The facilities listed in the database shall include only
35 those buildings that are owned by school districts that are required to meet
36 academic standards. Each school district shall report to the school
37 facilities board no later than September 1 of each year the number and type
38 of school buildings owned by the district, the square footage of each
39 building, the age of each building, the nature of any renovations completed
40 and the cost of any renovations completed. The school facilities board may
41 review or audit, or both, to confirm the information submitted by a school
42 district. The board shall adjust the age of each school facility in the
43 database whenever a building is significantly upgraded or remodeled. The age
44 of a building that has been significantly upgraded or remodeled shall be
45 recomputed as follows:

- 46 1. Divide the cost of the renovation by the building capacity value of
47 the building determined in subsection I, paragraph 3 of this section.
- 48 2. Multiply the quotient determined in paragraph 1 of this subsection

1 by the currently listed age of the building in the database.

2 3. Subtract the product determined in paragraph 2 of this subsection
3 from the currently listed age of the building in the database, rounded to the
4 nearest whole number. If the result is negative, use zero.

5 G. The school facilities board shall submit an annual report to the
6 president of the senate, the speaker of the house of representatives, the
7 Arizona state library, archives and public records and the governor by
8 October 1 that includes the computation of the amount of monies to be
9 distributed from the building renewal fund for the current fiscal year. The
10 joint committee on capital review shall review the school facilities board's
11 calculation of the building renewal fund distributions. After the joint
12 committee on capital review reviews the distributions computed by the school
13 facilities board, the school facilities board shall distribute the monies
14 from the building renewal fund to school districts in two equal installments
15 in November and May of each year.

16 H. School districts that receive monies from the building renewal fund
17 shall establish a district building renewal fund and shall use the monies in
18 the district building renewal fund only for the purposes prescribed in
19 subsection B of this section. Ending cash balances in a school district's
20 building renewal fund may be used in following fiscal years for building
21 renewal pursuant to subsection B of this section. By October 15 of each
22 year, each school district shall report to the school facilities board the
23 projects funded at each school in the previous fiscal year with monies from
24 the district building renewal fund, including the amount of expenditures
25 dedicated to primary projects and to secondary projects. On receipt of these
26 reports, the school facilities board shall forward this information to the
27 joint legislative budget committee staff and the governor's office of
28 strategic planning and budgeting staff. Each school district shall also
29 report to the school facilities board an accounting of the monies remaining
30 in the district building renewal fund at the end of the previous fiscal year
31 and a comprehensive three year plan that details the proposed use of building
32 renewal monies. If a school district fails to submit the report by October
33 15, the school facilities board shall withhold building renewal monies from
34 the school district until the school facilities board determines that the
35 school district has complied with the reporting requirement. When the school
36 facilities board determines that the school district has complied with the
37 reporting requirement, the school facilities board shall restore the full
38 amount of withheld building renewal monies to the school district.

39 I. Notwithstanding any other provision of this chapter, if a school
40 district converts space that is listed in the database maintained pursuant to
41 this section to space that will be used for administrative purposes, the
42 school district is responsible for any costs associated with the conversion,
43 maintenance and replacement of that space. The building renewal amount for
44 each school building shall be computed as follows:

45 1. Divide the age of the building as computed pursuant to subsection F
46 of this section by one thousand two hundred seventy-five or, in the case of
47 modular or portable buildings, by two hundred ten.

48 2. Multiply the quotient determined in paragraph 1 of this subsection

1 by 0.67.

2 3. Determine the building capacity value as follows:

3 (a) Multiply the student capacity of the building by the per student
4 square foot capacity established by section 15-2041.

5 (b) Multiply the product determined in subdivision (a) by the cost per
6 square foot established by section 15-2041.

7 4. Multiply the product determined in paragraph 2 of this subsection
8 by the product determined in paragraph 3, subdivision (b) of this subsection.

9 J. If the school facilities board determines that a school district
10 has spent monies from the building renewal fund for purposes other than those
11 prescribed in subsection B of this section, the school facilities board shall
12 notify the superintendent of public instruction. Notwithstanding any other
13 law, the superintendent of public instruction shall withhold a corresponding
14 amount from the monies that would otherwise be due the school district under
15 the capital outlay revenue limit until these monies are repaid.

16 K. Beginning on July 1, 2002, a school district is not entitled to
17 receive monies from the building renewal fund for any buildings that are to
18 be replaced with new buildings that are funded with deficiencies corrections
19 monies. The replacement buildings are not eligible to receive building
20 renewal funding until the fiscal year following the completion of the
21 building.

22 L. Notwithstanding subsections B and E of this section, a school
23 district may use eight per cent of the building renewal amount computed
24 pursuant to subsection I of this section for routine preventative
25 maintenance. The board, after consultation with maintenance specialists in
26 school districts, shall provide examples of recommended services that are
27 routine preventative maintenance.

28 M. A school district that uses building renewal monies for routine
29 preventative maintenance shall use the building renewal monies to supplement
30 and not supplant expenditures from other funds for the maintenance of school
31 buildings. The auditor general shall prescribe a method for determining
32 compliance with the requirements of this subsection. A school district, in
33 connection with any audit conducted by a certified public accountant, shall
34 also contract for an independent audit to determine whether the school
35 district used building renewal monies to reduce the school district's
36 existing level of routine preventative maintenance funding. The auditor
37 general may conduct discretionary reviews of a school district that is not
38 required to contract for an independent audit.

39 N. For the purposes of this section:

40 1. "Primary projects" means projects that are necessary for buildings
41 owned by school districts that are required to meet the academic standards
42 listed in the database maintained pursuant to subsection F of this section
43 and that fall below the minimum school facility adequacy guidelines, as
44 adopted by the school facilities board pursuant to section 15-2011.

45 2. "Routine preventative maintenance" means services that are
46 performed on a regular schedule at intervals ranging from four times a year
47 to once every three years and that are intended to extend the useful life of
48 a building system and reduce the need for major repairs.

1 3. "Secondary projects" means all projects that are not primary
2 projects.

3 4. "Student capacity" has the same meaning prescribed in section
4 15-2011.

5 Sec. 19. Section 15-2104, Arizona Revised Statutes, is amended to
6 read:

7 15-2104. Impact aid revenue bond building and debt service
8 funds

9 A. If a school district issues impact aid revenue bonds under this
10 article, the governing board shall establish:

11 1. An impact aid revenue bond building fund consisting of the net
12 proceeds received from the sale of the bonds. The fund shall be a continuing
13 fund that is not subject to reversion.

14 2. An impact aid revenue bond debt service fund consisting of monies
15 received by the school district from impact aid revenues.

16 B. Monies in the impact aid revenue bond building fund and the impact
17 aid revenue bond debt service fund may be used only for the purposes
18 authorized by this article.

19 C. The school district shall provide the county treasurer with an
20 impact aid revenue bond debt service schedule. The county treasurer shall
21 keep an account of all school district debt service funds that shows the
22 school district to which each fund belongs. The county treasurer shall
23 credit to the impact aid revenue bond debt service fund an amount from impact
24 aid revenues equal to the principal and interest that will become due on the
25 impact aid revenue bonds during the current year. The treasurer shall
26 receive and credit any interest or income earned by the debt service fund.

27 D. Notwithstanding any other provision in this article, the annual
28 payment of principal and interest on impact aid revenue bonds each year shall
29 not exceed seventy-five per cent of the net impact aid revenues of the school
30 district for the current year. For the purposes of this subsection, "net
31 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
32 deducting the sum of the following amounts:

33 1. The amount of any increase in the school district's general budget
34 limit pursuant to section 15-905, subsections K, O and P.

35 2. The amount necessary to fund any budget override adopted pursuant
36 to section 15-481, subsection F, ~~J~~ or ~~M~~ J.

37 3. The amount that would be produced by levying the applicable
38 qualifying tax rate as provided in section 15-971, subsection B, minus the
39 amount levied for primary school district taxes for the year pursuant to
40 section 15-992, except that if the result is a negative number, ~~use~~ THE
41 AMOUNT IS zero.

42 Sec. 20. Section 41-1276, Arizona Revised Statutes, is amended to
43 read:

44 41-1276. Truth in taxation levy for equalization assistance to
45 school districts

46 A. On or before February 15 of each year, the joint legislative budget
47 committee shall compute and transmit the truth in taxation rates for
48 equalization assistance for school districts for the following fiscal year

1 to:

2 1. The chairmen of the house of representatives ways and means
3 committee and the senate finance committee or their successor committees.

4 2. The chairmen of the appropriations committees of the senate and the
5 house of representatives or their successor committees.

6 B. The truth in taxation rates consist of the qualifying tax rate for
7 a high school district or a common school district within a high school
8 district that does not offer instruction in high school subjects pursuant to
9 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
10 unified district, a common school district not within a high school district
11 or a common school district within a high school district that offers
12 instruction in high school subjects pursuant to section 15-971, subsection B,
13 paragraph 2 and a state equalization assistance property tax rate pursuant to
14 section 15-994 that will offset the change in net assessed valuation of
15 property that was subject to tax in the prior year.

16 C. The joint legislative budget committee shall compute the truth in
17 taxation rates as follows:

18 1. Determine the statewide primary net assessed value for the
19 preceding tax year as provided in section 42-17151, subsection A,
20 paragraph 3.

21 2. Determine the statewide primary net assessed value for the current
22 tax year, excluding the net assessed value of property that was not subject
23 to tax in the preceding year.

24 3. Divide the amount determined in paragraph 1 of this subsection by
25 the amount determined in paragraph 2 of this subsection.

26 4. Adjust the qualifying tax rates and the state equalization
27 assistance property tax rate for the current fiscal year by the percentage
28 determined in paragraph 3 of this subsection in order to offset the change in
29 net assessed value.

30 D. Except as provided in subsections E and G of this section, the
31 qualifying tax rate for a high school district or a common school district
32 within a high school district that does not offer instruction in high school
33 subjects, the qualifying tax rate for a unified school district, a common
34 school district not within a high school district or a common school district
35 within a high school district that offers instruction in high school subjects
36 and the state equalization assistance property tax rate for the following
37 fiscal year shall be the rate determined by the joint legislative budget
38 committee pursuant to subsection C of this section. The committee shall
39 transmit the rates to the superintendent of public instruction and the county
40 boards of supervisors by March 15 each year.

41 E. If the legislature proposes either qualifying tax rates or a state
42 equalization assistance property tax rate that exceeds the truth in taxation
43 rate:

44 1. The house of representatives ways and means committee and the
45 senate finance committee or their successor committees shall hold a joint
46 hearing on or before February 28 and publish a notice of a truth in taxation
47 hearing that meets the following requirements:

48 (a) The notice shall be published twice in a newspaper of general

1 circulation in this state that is published at the state capital. The first
2 publication shall be at least fourteen but not more than twenty days before
3 the date of the hearing. The second publication shall be at least seven but
4 not more than ten days before the date of the hearing.

5 (b) The notice shall be published in a location other than the
6 classified or legal advertising section of the newspaper.

7 (c) The notice shall be at least one-fourth page in size and shall be
8 surrounded by a solid black border at least one-eighth inch in width.

9 (d) The notice shall be in the following form, with the "truth in
10 taxation hearing - notice of tax increase" headline in at least eighteen
11 point type:

12 Truth in Taxation Hearing

13 Notice of Tax Increase

14 In compliance with section 41-1276, Arizona Revised
15 Statutes, the state legislature is notifying property taxpayers
16 in Arizona of the legislature's intention to raise the property
17 tax levy over last year's level.

18 The proposed tax increase will cause the taxes on a
19 \$100,000 home to increase by \$_____.

20 All interested citizens are invited to attend a public
21 hearing on the tax increase that is scheduled to be held
22 _____ (date and time) at _____ (location).

23 (e) For purposes of computing the tax increase on a one hundred
24 thousand dollar home as required by the notice, the joint meeting of the
25 house of representatives ways and means committee and the senate finance
26 committee or their successor committees shall consider the difference between
27 the truth in taxation rate and the proposed increased rate.

28 2. The joint meeting of the house of representatives ways and means
29 committee and the senate finance committee or their successor committees
30 shall consider any motion to recommend the proposed tax rates to the full
31 legislature by roll call vote.

32 F. In addition to publishing the truth in taxation notice under
33 subsection E, paragraph 1 of this section, the joint meeting of the house of
34 representatives ways and means committee and the senate finance committee or
35 their successor committees shall issue a press release containing the truth
36 in taxation notice.

37 G. Notwithstanding any other law, the legislature shall not adopt a
38 state budget that provides for either qualifying tax rates pursuant to
39 section 15-971 or a state equalization assistance property tax rate pursuant
40 to section 15-994 that exceeds the truth in taxation rates computed pursuant
41 to subsection A of this section unless the rates are adopted by a concurrent
42 resolution approved by an affirmative roll call vote of two-thirds of the
43 members of each house of the legislature before the legislature enacts the
44 general appropriations bill. If the resolution is not approved by two-thirds
45 of the members of each house of the legislature, the rates for the following
46 fiscal year shall be the truth in taxation rates determined pursuant to
47 subsection C of this section and shall be transmitted to the superintendent
48 of public instruction and the county boards of supervisors.

1 H. Notwithstanding subsection C of this section and if approved by the
2 qualified electors voting at a statewide general election, the legislature
3 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
4 school district or \$4.253 for a unified school district. The legislature
5 shall not set a county equalization assistance for education rate that
6 exceeds \$0.5123.

7 I. Pursuant to subsection C of this section, the qualifying tax rate
8 in tax year ~~2007~~ 2008 for a high school district or a common school district
9 within a high school district that does not offer instruction in high school
10 subjects as provided in section 15-447 is ~~\$1.6020~~ \$1.4622 and for a unified
11 school district, a common school district not within a high school district
12 or a common school district within a high school district that offers
13 instruction in high school subjects as provided in section 15-447 is ~~\$3.2040~~
14 \$2.9244. The state equalization assistance property tax rate in tax years
15 2006, 2007 and 2008 is zero. The state equalization assistance property tax
16 rate in tax year 2009 shall be computed by annually adjusting the tax year
17 2005 rate of \$0.4358 as provided by this section through tax year 2009.

18 Sec. 21. Laws 2008, chapter 53, section 24 is amended to read:

19 Sec. 24. Reduction in school district state aid apportionment;
20 fiscal year 2007-2008

21 A. Notwithstanding any other law, the state board of education shall
22 defer until August 1, 2008 ~~\$272,000,000~~ \$322,000,000 of the basic state aid
23 and additional state aid payment that otherwise would be apportioned to
24 school districts under that law on June 15, 2008.

25 B. The funding deferral required by this section does not apply to
26 charter schools.

27 Sec. 22. Laws 2008, chapter 53, section 25 is amended to read:

28 Sec. 25. Appropriations; school districts; disbursements

29 A. The sum of ~~\$272,000,000~~ \$322,000,000 is appropriated in fiscal year
30 2008-2009 from the state general fund to the state board of education and
31 superintendent of public instruction for basic state aid and additional state
32 aid entitlement for fiscal year 2008-2009. This appropriation shall be
33 disbursed on August 1, 2008 to the several counties for the school districts
34 in each county in amounts equal to the reductions in apportionment of basic
35 state aid and additional state aid that are required pursuant to section ~~23~~
36 24 of this act for fiscal year 2007-2008.

37 B. The sum of ~~\$627,700~~ \$743,100 is appropriated in fiscal year
38 2008-2009 from the state general fund to the state board of education and the
39 superintendent of public instruction for any costs to school districts that
40 may be associated with the reductions in apportionment of basic state aid and
41 additional state aid for fiscal year 2007-2008 that are required pursuant to
42 section ~~23~~ 24 of this act. This appropriation shall be disbursed on August
43 1, 2008 to the several counties for the school districts in each county and
44 shall be allocated based on the per cent of the total ~~\$272,000,000~~
45 \$322,000,000 deferred payment for fiscal year 2007-2008 that is attributable
46 to each individual school district.

47 C. Notwithstanding any provision of law, for fiscal year 2008-2009, if
48 the governing board of a school district incurred interest expenses for

1 registering warrants in fiscal year 2007-2008 or expects to incur interest
2 expenses for registering warrants in fiscal year 2008-2009 pursuant to
3 section ~~23~~ 24 of this act, the governing board may budget an estimated amount
4 for those interest expenses. Any such amount is specifically exempt from the
5 revenue control limit in fiscal year 2008-2009. If the budgeted estimate
6 amount is greater than the amount received pursuant to subsection B of this
7 section, the governing board shall not expend more than the amount received
8 pursuant to subsection B of this section. If the budgeted estimate amount is
9 less than the amount received pursuant to subsection B of this section, the
10 governing board may revise its budget during fiscal year 2008-2009 to include
11 the actual amount received pursuant to subsection B of this section and shall
12 not expend more than the amount received pursuant to subsection B of this
13 section.

14 Sec. 23. Desegregation budget; limit

15 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
16 amount that a school district may budget for desegregation activities for
17 fiscal year 2008-2009 shall be the amount that is budgeted for desegregation
18 activities for fiscal year 2007 2008.

19 Sec. 24. Career ladder programs; inflation increase; offset

20 Notwithstanding section 15-918.04, Arizona Revised Statutes, in fiscal
21 year 2008-2009 the department of education shall subtract from the base
22 support level of each school district that participates in the career ladder
23 program an amount equal to two per cent of the base support level increase
24 that it otherwise would receive pursuant to that section.

25 Sec. 25. Joint technological education district equalization
26 funding; pro rata reduction

27 A. Notwithstanding section 15-393, Arizona Revised Statutes, as
28 amended by this act, or any other law, the department of education shall fund
29 state aid for joint technological education districts for fiscal year
30 2008-2009 at ninety-one per cent of the amount that otherwise would be
31 provided by law.

32 B. Notwithstanding subsection A of this section, a joint technological
33 education district shall not receive less equalization formula funding for
34 fiscal year 2008-2009 than it received for fiscal year 2007-2008 except for
35 reductions due to changes in student counts, net assessed property values or
36 other technical factors or due to prior year adjustments or corrections. For
37 the purposes of this subsection, "equalization formula funding" means the sum
38 of a joint technological education district's base support level, as
39 prescribed in section 15-943.02, Arizona Revised Statutes, and its capital
40 outlay revenue limit and soft capital allocation, as prescribed in section
41 15-962.01, Arizona Revised Statutes.

42 Sec. 26. Reduction in school district state aid apportionment;
43 fiscal year 2008-2009; appropriations in fiscal
44 year 2009-2010

45 A. Notwithstanding any other law, the state board of education shall
46 defer until August 1, 2009 \$322,000,000 of the basic state aid and additional
47 state aid payment that otherwise would be apportioned to school districts
48 under law on June 15, 2009. The funding deferral required by this subsection

1 does not apply to charter schools.

2 B. The sum of \$322,000,000 is appropriated in fiscal year 2009-2010
3 from the state general fund to the state board of education and the
4 superintendent of public instruction for basic state aid and additional state
5 aid entitlement for fiscal year 2009-2010. This appropriation shall be
6 disbursed on August 1, 2009 to the several counties for the school districts
7 in each county in amounts equal to the reductions in apportionment of basic
8 state aid and additional state aid that are required pursuant to subsection A
9 for fiscal year 2008-2009.

10 C. The sum of \$743,100 is appropriated in fiscal year 2009-2010 from
11 the state general fund to the state board of education and the superintendent
12 of public instruction for any costs to school districts that may be
13 associated with the reductions in apportionment of basic state aid and
14 additional state aid for fiscal year 2008-2009 that are required pursuant to
15 subsection A. This appropriation shall be disbursed on August 1, 2009 to the
16 several counties for the school districts in each county and shall be
17 allocated based on the per cent of the total \$322,000,000 deferred payment
18 for fiscal year 2008-2009 that is attributable to each individual school
19 district.

20 D. Notwithstanding any provision of law, for fiscal year 2009-2010, if
21 the governing board of a school district incurred interest expenses for
22 registering warrants in fiscal year 2008-2009 or expects to incur interest
23 expenses for registering warrants in fiscal year 2009-2010 pursuant to
24 subsection A, the governing board may budget an estimated amount for those
25 interest expenses. Any such amount is specifically exempt from the revenue
26 control limit in fiscal year 2009-2010. If the budgeted estimate amount is
27 greater than the amount received pursuant to subsection C, the governing
28 board shall not expend more than the amount received pursuant to
29 subsection C. If the budgeted estimate amount is less than the amount
30 received pursuant to subsection C, the governing board may revise its budget
31 during fiscal year 2009-2010 to include the actual amount received pursuant
32 to subsection C and shall not expend more than the amount received pursuant
33 to subsection C.

34 E. School districts shall include in the revenue estimates that they
35 use for computing their tax rates for fiscal year 2008-2009 the monies that
36 they will receive pursuant to subsection C.

37 Sec. 27. Audits: average daily membership

38 For fiscal year 2008-2009, the department of education or the office of
39 the auditor general may conduct average daily membership audits of school
40 districts and charter schools.

41 Sec. 28. New construction moratorium

42 A. Notwithstanding sections 15-2011 and 15-2041, Arizona Revised
43 Statutes, for fiscal year 2008-2009, the school facilities board shall not
44 authorize or award funding for the design or construction of any new school
45 facility. Additionally in fiscal year 2008-2009, the school facilities board
46 shall not authorize or award funding for school site acquisitions.

47 B. During fiscal year 2008-2009, school districts shall submit capital
48 plans according to section 15-2041, subsection C, Arizona Revised Statutes.

1 The school facilities board may review and award new school facilities as
2 outlines in section 15-2041, Arizona Revised Statutes, subject to future
3 appropriations.

4 Sec. 29. School facilities board lease-to-own

5 Notwithstanding section 15-2004, subsection M, section 15-2005,
6 subsection M and section 15-2006, Arizona Revised Statutes, the school
7 facilities board shall enter into lease-to-own transactions for up to a
8 maximum of \$501,000,000 in fiscal year 2008-2009. Of this amount,
9 \$318,000,000 shall be recouped from fiscal year 2007-2008 expenditures. The
10 lease-to-own transactions shall not mature at any time after ten years from
11 the date of the transaction and shall not prohibit early repayment.

12 Sec. 30. Grant: union high school district: capital facilities

13 Notwithstanding any other law, the school facilities board shall
14 distribute \$3,000,000 from the building renewal fund to a school district to
15 fund capital facilities costs if the school district meets all of the
16 following criteria:

17 1. The school district applied for emergency deficiencies funding
18 provided by section 15-2022, Arizona Revised Statutes, prior to June 30, 2008
19 for existing facilities and the school facilities board denied the request.

20 2. The school district is a union high school district that is located
21 in a county with a population that exceeds one million five hundred thousand
22 persons.

23 3. The school district's student count for the 2006-2007 school year
24 was more than twelve thousand five hundred pupils and less than fourteen
25 thousand pupils.

26 4. The school district will combine the grant amount pursuant to this
27 subsection with other capital monies to fund the project.

28 Sec. 31. Building renewal fund appropriation

29 Notwithstanding section 15-2031, Arizona Revised Statutes, as amended
30 by this act, the appropriation from the state general fund to the building
31 renewal fund for fiscal year 2008-2009 shall be as specified in the general
32 appropriations act.

33 Sec. 32. Savings clause

34 A. This act does not affect any special budget overrides pursuant to
35 section 15-482, Arizona Revised Statutes, as repealed by this act, that were
36 approved by the qualified electors of a school district before the effective
37 date of this act. Special budget overrides pursuant to section 15-482,
38 Arizona Revised Statutes, as repealed by this act, that were approved by the
39 qualified electors of a school district before the effective date of this act
40 shall continue for the duration previously authorized by the qualified
41 electors or until the qualified electors of the school district subsequently
42 approve a budget increase in an amount not to exceed fifteen per cent of the
43 revenue control limit as prescribed in section 15-481, subsection G, Arizona
44 Revised Statutes, as amended by this act, whichever occurs first.

45 B. Beginning on the effective date of this act, no school district may
46 conduct an election after the effective date of this act to submit a request
47 to the qualified electors of a school district to approve a special budget
48 override pursuant to section 15-482, Arizona Revised Statutes, as repealed by

1 this act, or submit a request to the qualified electors of a school district
2 to approve the extension of a previously authorized special budget override
3 pursuant to section 15-482, Arizona Revised Statutes, as repealed by this
4 act.

5 Sec. 33. Override election procedures for fiscal year 2008-2009

6 Notwithstanding any other law, for fiscal year 2008-2009:

7 1. A school district may conduct an election on the second Tuesday in
8 March 2009 to submit a proposed budget increase to the qualified electors in
9 an amount not to exceed fifteen per cent of the revenue control limit as
10 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
11 amended by this act. Override elections conducted in subsequent fiscal years
12 shall be as prescribed by statute. If a fifteen per cent increase is
13 approved by the qualified electors of the school district, the fifteen per
14 cent increase shall replace any previously authorized increases approved by
15 the qualified electors pursuant to section 15-481, subsection E or F, Arizona
16 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
17 Statutes, as repealed by this act.

18 2. If the qualified electors in a school district approve a proposed
19 budget increase in an amount not to exceed ten per cent of the revenue
20 control limit in an election conducted on the first Tuesday in November 2008,
21 a school district may subsequently conduct an election on the second Tuesday
22 in March 2009 to submit a proposed budget increase to the qualified electors
23 in an amount not to exceed an additional five per cent of the revenue control
24 limit. Override elections conducted in subsequent fiscal years shall be as
25 prescribed by statute.

26 3. If the qualified electors of a common school district have
27 approved both a budget increase that is still in effect on the effective date
28 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
29 Statutes, as amended by this act, and a budget increase that is still in
30 effect on the effective date of this act pursuant to section 15-482, Arizona
31 Revised Statutes, as repealed by this act, the common school district may
32 call an election on the second Tuesday in March 2009 to submit a proposed
33 budget increase to the qualified electors in an amount not to exceed
34 seventeen per cent of the revenue control limit. If a seventeen per cent
35 increase is approved by the qualified electors of the school district, the
36 seventeen per cent increase shall replace any previously authorized increases
37 approved by the qualified electors pursuant to section 15-481, subsection E
38 or F, Arizona Revised Statutes, as amended by this act, and section 15-482,
39 Arizona Revised Statutes, as repealed by this act. If approved by the
40 qualified electors, the common school district may continue to budget the
41 amount not to exceed seventeen per cent of the revenue control limit for the
42 remaining number of years of the override previously approved pursuant to
43 section 15-482, Arizona Revised Statutes, as repealed by this act. On the
44 expiration of the override previously approved pursuant to section 15-482,
45 Arizona Revised Statutes, as repealed by this act, override elections
46 conducted in subsequent fiscal years shall be as prescribed by statute.

47 Sec. 34. Emergency

48 This act is an emergency measure that is necessary to preserve the

1 public peace, health or safety and is operative immediately as provided by
2 law."

3 Amend title to conform

and, as so amended, it do pass

RUSSELL K. PEARCE
Chairman

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6/26/08
H:jjb

1377rp
06/23/2008
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